

State of Arizona
Department of Emergency and Military Affairs

DEMA DIRECTIVE 40.2

DEPARTMENTAL PROCUREMENT (STATE)

Summary:

This directive establishes policies and procedures to provide general guidance and instructions for the procurement of supplies, materials, equipment, services and construction for the Arizona Department of Emergency and Military Affairs (DEMA). This publication is not intended to be a complete representation of all laws and regulations covered under Arizona Revised Statute (A.R.S.), Arizona Procurement Code and/or applicable administrative rules. In the event there is a discrepancy between these procedures and any applicable statute and/or rule, the statute or rule shall prevail. **This directive supersedes DEMA Directive 40.2 dated 19 June 1995.**

CONTENTS

CHAPTER 1 Article

General

References.....	1.0
Purpose.....	2.0
Scope.....	3.0
Definitions.....	4.0
Policy and Objective.....	5.0

CHAPTER 2

Procurement

Organization.....	6.0
Mission, Authority and Responsibilities.....	7.0
Program Managers.....	8.0
Procedures.....	9.0
Normal Procurement Procedures.....	9.1
Delegated Authority.....	9.2
Emergency Procedures.....	9.3
Sole Source Procurement.....	9.4
Impracticable Procurement.....	9.5
Construction and Facilities Management.....	9.6
Reimbursements For Revolving Funds.....	10.0
Procurement Lead Time/Turn Around Time.....	11.0
Acquisition of Temporary Labor Services.....	12.0
Requisition of Computer Hardware and Software.....	13.0

Requisition/Purchase of Vehicles.....	14.0
Payment of Invoice Discrepancies.....	15.0
Violations; Liability; Enforcement Authority.....	16.0
Requisitions/Purchase Orders and Instructions for BuySpeed.....	17.0
Purchasing Card Procedures.....	18.0
Changes in a Purchase Order or Contract.....	19.0
Small Business Programs.....	20.0
Minority-Owned & Woman-Owned Business Programs.....	21.0
Government Procurement Set-Aside Program.....	22.0
Formal Competitive Procedures.....	23.0
Prompt Payment.....	24.0
Procurement Officer's Representative (POR).....	25.0
Off-Contract Purchase Authorization.....	26.0
Pay Applications Processing (State).....	27.0
Interagency Service Agreement(s).....	28.0
Ethical Standards.....	29.0
General Service Administration (GSA) Contracts.....	30.0
Complaints Against Vendors, Adjustments and Negotiations.....	31.0
Purchases made with Grant Funding.....	32.0
Employees as Vendors.....	33.0
Legal Counsel Support.....	34.0
Purchasing Policy Request for Exemptions or Exceptions.....	35.0
Federal Fiscal Law.....	36.0
 DEMA Organizational Chart.....	 Attachment 1
Routine Procurement Procedures Flowchart.....	Attachment 2
Purchasing Card Statement Checklist (DEMA Form 027).....	Attachment 3
Purchasing Card Cardholder Information (DEMA Form 28).....	Attachment 4
DEMA Cardholder Agreement (DEMA Form 025).....	Attachment 5
State of Arizona Purchasing (P-Card) Cardholder Agreement (GAO Form PC-101 (03/08)).....	Attachment 6
Contract Amendment (DEMA Form 24).....	Attachment 7
Design Change Notice Form.....	Attachment 8
Quarterly Report Sole Source, Impracticable, and Emergency Procurement.....	Attachment 9
Procurement Determination – Emergency or Impracticable.....	Attachment 10a
Procurement Determination – Sole Source.....	Attachment 10b
Purchase Change Order Request.....	Attachment 11
Procurement Determination – Off-Contract Purchase Authorization.....	Attachment 12
Sample Invoice/Pay Application letter.....	Attachment 13
Time Frames for Solicitations.....	Attachment 14
Procurement Evaluation and Certification.....	Attachment 15
State of Arizona – Mandatory Contract Terms and Conditions.....	Attachment 16
General Contractor Change Order Breakout (DEMA Form 701a).....	Attachment 17a
Sub-Contractor Change Order Breakout (DEMA Form 701b).....	Attachment 17b

FOB Shipping Terms.....	Attachment 18
Unauthorized Purchases.....	Attachment 19
GAO Technical Bulletin No. 08-01 (Statewide Purchasing Card (P-Card) Policies and Procedures).....	Attachment 20
Intergovernmental and Interagency Agreements.....	Attachment 21
Missing Receipt Affidavit.....	Attachment 22

CHAPTER 1

GENERAL

1.0 REFERENCES

Each of the documents listed in Article 1.0 is incorporated herein. Any discrepancy between the documents incorporated shall be governed by the applicable incorporated document, rule, process or procedure unless specifically dictated otherwise.

- 1.1 State of Arizona Procurement Code and Administrative Rules and Regulations that constitute the Arizona Procurement Code ("Code").
- 1.2 State of Arizona Accounting Manual.
- 1.3 Office of Management and Budget (OMB) Procurement Standards.
- 1.4 Applicable GAO Technical Bulletins.
- 1.5 Statewide Purchasing Card Policies and Procedures.
- 1.6 United States Code

2.0 PURPOSE

The purpose of this directive is to establish guidelines relating to the procurement, management and control of supplies, materials, equipment, construction, and contractual services within the Department of Emergency and Military Affairs (DEMA).

3.0 SCOPE

The purchasing and contracting function of the State of Arizona has a fundamental influence of the success of the State's financial plan. Purchasing/Contracting is the State's window to the worldwide supply base and its activity impacts the costs of services provided to employees and residents of the State of Arizona. As the purchasing function contracts with and manages suppliers, it is expected to contribute to the overall financial goals and objectives of the State. With increasingly complex processes, relationships and pressures, the purchasing function is also expected to maintain sound business controls. Therefore, this document is applicable to all personnel employed by DEMA who manage financial resources and/or procurement processes and have been appointed or directed in writing by the proper authority to perform procurement or contracting duties.

All procurement activity must be conducted in strict accordance with applicable laws, rules, regulations and/or directives.

4.0 DEFINITIONS

Words and/or acronyms appearing in this publication shall be interpreted in accordance within, and by, the general context of the sentence and normal English use/speech patterns unless indicated otherwise.

A.C.I. shall mean Arizona Correctional Industries, a State sponsored operation which may sell directly to other State activities.

AFIS shall mean the Arizona Financial Information System (AFIS) or the official accounting system and record of the State for fiscal information. All State Agencies must process accounting data in AFIS.

A.I.B. shall mean Arizona Industries for the Blind, a State sponsored operation which may sell directly to other State activities.

Business shall mean any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other private legal entity.

Capital & and Non-Capital Assets include land, improvements to land, rights of way, easements, infrastructure assets, buildings, building improvements, improvements other than buildings, construction in progress, leasehold improvements, vehicles and other transportation equipment, machinery, equipment of any description, furniture, fixtures, betterments, works of art, historical treasures, infrastructure, and any or all other tangible or intangible assets that have initial useful lives extending beyond a single reporting period. (AZ Accounting Manual II-G-1, p. 1)

All items with a single line item cost over \$5,000 are coded in the 8400 COBJ.

All items with a single line item cost under \$1,000 are coded in the 8500 COBJ.

Capital Asset: A long-lived tangible or intangible asset that meets the capitalization threshold, is reported on the balance sheet, and the cost of which is to be recovered over several fiscal years. (II-G-1, p. 2) We report to GAO as capital any tangible asset over the \$5,000 threshold (e.g. vehicles, buildings, trailers, equipment, computers, software, etc.).

Non-Capital Asset: A long-lived tangible or intangible asset the cost of which is to be treated as an expense. (II-G-1, p. 5) DEMA currently tracks all tangible assets \$1,000 to \$4,999, plus all computer hardware/software, weapons, vehicles, cell phones, and electronics (e.g. TV/VCR, cameras, PDAs, saws, drills, etc.).

Change Order shall mean a written alteration to a contract or Purchase Order, signed by the Contracting Officer and Contractor, in accordance with the terms of the contract or Purchase Order, unilaterally directing the Contractor to make changes.

COBJ shall mean Comptroller Object Code.

Contract shall mean any type of State Agreement, regardless of what it may be called, for the procurement or disposal of supplies, materials, equipment, construction, or contractual services.

Contract Modification shall mean any written alteration in the specifications, delivery point(s), rate(s) of delivery, period of performance, price, quantity(ies), or other provisions of any contract accomplished by mutual action of the parties to the contract.

Contracting Officer shall mean the an individual appointed (in writing) by an authorized representative of the Arizona State Government to enter into and administer contracts and make findings and/or determinations with respect thereto on behalf of the State of Arizona.

Contractor shall mean any person having a contract with the State of Arizona or DEMA.

Contractual Services shall mean furnishing labor, time or effort by a Contractor which does not involve the delivery of a specified end product other than reports which are incidental to the required performance of the Contractor. This term shall not include employment agreements, collective bargaining agreements, or professional services.

Cooperative Purchasing shall mean a solicitation or procurement conducted on behalf of two or more public procurement units combining requirements in order to obtain the benefits of volume purchasing and a reduction in administrative expenses.

Data shall mean recorded information, regardless of form or characteristic.

Designee shall mean an appropriately authorized representative for which the representative may act as agent thereto.

Division Director shall mean one of the four division directors – Joint Programs Division, Air National Guard, Army National Guard, or Emergency Management Division. For the purpose of this directive, this is expanded to include the Chief of Staff for the Army National Guard, the Commander of the Air National Guard and the DEMA Resource Manager.

Employee shall mean an individual drawing a salary from a governmental body, whether elected or not, and any non-compensated individual performing personal services for any governmental body.

Enterprise Procurement Services (EPS) See State Procurement Office.

Expendable Supplies shall mean tangible assets that are low cost and have a life expectancy of less than one year. Examples: pencil sharpeners, calculators, scissors, hand tools (screw drivers, etc.).

Formal Advertising is a very rigid and precise means of soliciting competitive sealed bids based upon a firm requirement adequately described with detailed plans and/or specifications.

Fund Manager shall mean an individual responsible for budget execution of assigned programs, and approving authority for procurement activities with regard to those programs.

General Services Administration (GSA) shall mean a Federal governmental agency that operates a worldwide purchasing and distribution system used by other Federal agencies to acquire products and services for day-to-day operations. GSA supply schedules include general purpose supplies, equipment and services, building materials, repair and maintenance, technology and network products and services. For additional information, visit the GSA website at www.gsa.gov.

GSA Supply Schedule is a Federal supply schedule or Multiple Award Schedule and shall mean a catalog of contracts with businesses to provide products and/or services grouped in schedules. Commercial businesses are awarded contracts to provide products and/or services identified with a particular Special Item Number (SIN).

Governmental Body shall mean any department, commission, council, board, bureau, committee, institution, legislative body, agency, governmental corporation, or other establishment, or any official of the executive, legislative, or judicial branches of this State.

Impracticable shall mean incapable of being performed or accomplished by the means employed or at command. Something that is not capable of being done or carried out.

Invitation for Bid (IFB) shall mean a formal document issued to request a sealed bid with respect to an appropriately advertised procurement anticipated to exceed \$50,000. All bidders are allowed to compete on an equal basis with no additional information provided (other than the written requirements contained in the IFB). All potential bidders must be afforded the opportunity to have access to the same information on which to base their bid price and all bids are opened publicly at the time and place advertised.

Multiple Award Schedule (MAS) shall mean a list of contracts awarded by GSA, Federal Supply Service. GSA awards contract to multiple companies supplying similar services and products. (This is also known as a Federal Supply Schedule).

Negotiation shall mean all purchases and contracts executed without formal advertising requirements. This does not mean without competition or sealed bidding. Negotiation purposely allows further discussions and revision of offers after opening of proposals.

Offeror See "Responsible Bidder."

Outside Professional Service(s) shall mean any vocation, calling, occupation or employment involving labor, skill, education, special knowledge for compensation or profit. The labor and skill involved is predominantly mental/intellectual, rather than physical or manual.

P-Card or Purchasing Card shall mean a credit card provided through State contract to State employees, State organizations, or State departments for the purpose of conducting purchase or payment activities for a valid public purpose.

Payment Bond shall mean a bond (surety) that assures payments, as required by law, to all persons supplying labor or material for the completion of work under the contract.

Performance Bond shall mean a bond executed subsequent to contract award by a successful bidder, to protect the buyer from incurring losses due to the bidder's/Contractor's inability to complete the contract as agreed. A performance bond therefore secures the fulfillment of all contract requirements.

Person shall mean any business, individual, union, committee, club, other organization, or group of individuals.

Procurement shall mean buying, purchasing, renting, leasing, or otherwise acquiring supplies, materials, equipment, construction, contractual services or otherwise. It shall also include all functions that pertain to the obtaining of any supplies, equipment, construction, or contractual service, including description of requirements, selection and solicitation of sources, preparation and award of contract and all phases of contract administration.

Procurement Office (State) shall mean the procurement office within the Arizona Department of Emergency and Military Affairs that provides procurement action(s) utilizing the State of Arizona procurement procedures/regulations and/or laws.

Program Manager is an individual who has been formally appointed by the proper authority to be responsible for one or more of the budget sub-programs for planning, budget preparation, review and budget execution of that (those) program(s).

Requestor is any individual employed under any of the Divisions of DEMA who has need for a product or service.

Request for Proposal (RFP) shall mean a formal solicitation method used for requirements exceeding authorized limits (currently \$50,000 or more) when it is expected that negotiations with one or more bidders may be required with respect to any aspect of the requirements, or other factors will be considered in the selection of the contractor in addition to price. Price is a factor for evaluation purposes but may not be the only or most important factor to be considered in the evaluation process. Vendors are notified when the RFP is for the commodity or service categories for which they are registered in SPIRIT and only the proposing vendor(s) names are read publicly during the date/time and place designated as the closing time for the RFP.

Request for Quotations (RFQ) shall mean a solicitation/bid process used when the total purchase price/value of the contract is anticipated to be less than \$50,000.00. Also known as an "informal bid," an RFQ is used to reduce processing time, red tape and administrative cost of bidding when permitted. This solicitation type does not reduce the necessity of

obtaining quality product(s) or service(s) in an economical, fair and objective fashion. However, an RFQ may dispense with the more strenuous requirements of an Invitation for Bid (IFB) and/or Request for Proposal (RFP) which are utilized when the anticipated value of the requirement is \$50,000.00 or more. RFQ awards are based on the lowest priced, responsive, responsible bidder/quotation considering all aspects of the quotation. Unless marked confidential in accordance with A.R.S. and the Arizona Procurement Code, all bid documents for quotations are public record and available for review after the contract is awarded.

Resource Manager (at DEMA level) is responsible to The Adjutant General for the Resource Management Office administration, budget and accounting. NOTE: The Resource Manager at Camp Navajo is responsible to the Camp Navajo Commander for procurement, administration, budget and accounting actions for Camp Navajo (as authorized by the DEMA Procurement Manager). For procurement actions under \$5,000, the Resource Manager acts as the Comptroller's Designee.

Responsible Bidder (or Offeror) shall mean a bidder or offeror who has the capability in all respects to perform fully the contract requirements, and the experience, integrity, perseverance, reliability, capacity, facilities, equipment, and credit which will assure good faith performance.

Responsive Bidder shall mean a vendor who has submitted a bid which conforms in all material respects to the requirements stated in the solicitation.

Service is a Contract/Purchase Order for which the primary procurement is for a person's time and skills and any tangible product produced is incidental or of less cost than the labor. Engraving, laundry and dry cleaning, trash pick-up, and janitorial service are examples.

SPIRIT shall mean the Arizona State Procurement Office's (SPO) comprehensive e-procurement system which replaced the old paper and mail procurement system with a paperless process used via the Internet. Additional information on SPIRIT can be found at: <http://www.azspo.az.gov/spirit/index.htm>.

State Procurement Office (SPO) shall mean the State of Arizona, Department of Administration procurement office, which governs all State of Arizona procurement actions and issues State Contracts which must be used by all agencies of the State of Arizona.

Surety shall mean an individual or corporation legally liable for the debt, default or failure of a principal (contractor) to satisfy the obligations of a contract.

Supplies shall mean all goods other than services, equipment, construction, or real property.

Termination is the act and procedure of canceling an active contract either for convenience of the State or for contractor's default (breach of contract).

Unit Buyer is an individual assigned to one of the ANG units or to Camp Navajo who is responsible for providing authorized procurement actions, in accordance with this directive, in support of the Base Engineer (ANG units) or Resource Manager (Camp Navajo).

USPFO shall mean United States Property and Fiscal Office.

5.0 POLICY AND OBJECTIVE

The policy and objective of this directive is to facilitate the economical and timely procurement for all DEMA personnel in order to accomplish their assigned tasks. Each procurement shall be conducted in accordance with the State of Arizona Procurement Code and Administrative Rules and Regulations constituting the Arizona Procurement Code ("Code"), the State of Arizona Accounting Manual, any Office of Management and Budget (OMB) Procurement Standards, Applicable GAO Technical Bulletins and Statewide Purchasing Card Policies and Procedures.

This directive will:

- Identify the organization of the DEMA Procurement Office (State).
- Establish and explain the authority and responsibilities of the DEMA Procurement Office (State).
- Provide for appointment and identify responsibilities of Program Managers within DEMA.
- Establish procedures for Small Purchases (under \$5,000).
- Establish procedures for reimbursement, to individuals, for petty cash expenditures for supplies and materials (not to exceed \$35.00 per transaction).
- Enable personnel (with delegated authority) to acquire needed supplies, materials, equipment, construction, and contractual services from commercial sources in a timely manner (not to exceed the dollar amount authorized), or from a State Contract, Arizona Correctional Industries (A.C.I.), and Arizona Industries for the Blind (A.I.B.).
- Establish DEMA procedures for Emergency, Impracticable and Sole Source Procurements.
- Establish procedures for telephone coordination and issue of Purchase Order numbers for certain urgent procurements.
- Define normal procurement lead times.

- Establish procedures for procurement of labor services.
- Provide information concerning Violations, Liability, Enforcement of the Procurement Rules and Regulations, and Authority of the Attorney General, State of Arizona.

CHAPTER 2

PROCUREMENT

6.0 ORGANIZATION

The Procurement Office (State) is a work section of DEMA, organized under the Director of Joint Programs. The office is physically located in Building Number M5330, Papago Park Military Reservation, 5636 E. McDowell Road, Phoenix, Arizona 85008-3495, Phone (602) 267-2699, Fax (602) 267-2576.

The organization of the Procurement Office (State) is contained in Attachment 1 of this directive.

7.0 PROCUREMENT OFFICE MISSION, AUTHORITY AND RESPONSIBILITIES

The mission of the Procurement Office of the Arizona Department of Emergency and Military Affairs (DEMA) is to provide the procurement of quality goods, services and construction projects for the Department in the right quality, quantity, price and time within a framework of fiscal responsibility, fairness and effective communication. Procurement services will be provided by highly trained staff through the most “user friendly” system while ensuring adherence to applicable laws.

The Procurement Office (State), hereinafter referred to as Procurement Office, shall, unless otherwise noted:

- Serve as the centralized office for all procurement activities within DEMA, including the Divisions of Joint Programs, Emergency Management, Army National Guard, and Air National Guard, and has the sole authority to effect the procurement of supplies, equipment, materials, construction and contractual services.
- Provide an adequate number of qualified procurement and support personnel to manage the procurement operations during normal day-to-day operations as well as emergency situations.
- Update policies and procedures for the normal, emergency, impracticable and sole source procurement of supplies, equipment, materials, construction and contractual services.
- Ensure compliance with applicable federal and/or state laws, codes, statutes, rules and regulations.
- Electronically control all Purchase Order numbers. The Procurement Office will assign/issue unique and sequential Purchase Order numbers consisting of six numbers followed by two alpha characters. The first two Purchase Order numbers

identify the State fiscal year under which the Purchase Order was issued (i.e. 06 for FY06, 07 for FY07, etc.). The next four consecutive numbers in the Purchase Order number will be consecutively issued numbers starting with 0001. The last two characters in the Purchase Order number will be alpha characters signifying the cooperative agreements/source of funds. An example of a complete and correct Purchase Order number is "07-0240-FM".

This task also includes processing purchase requisitions and administering annual (term) contracts and one time procurements by providing technical assistance with purchasing processes, obtaining bids or quotations and making the final vendor selection (contract award). Furthermore, the Procurement Office is responsible for assisting with on-line system questions and problems, incorporating the on-line system to input and track requisitions and Purchase Orders, and monitoring vendor deliveries and performance.

The DEMA Procurement Office is a decentralized unit responsible for procuring goods and services relating the business operations of the department.

- Serve as the centralized authority for issuance of all procurement related contracts, Interagency Service Agreements (ISA) and Intergovernmental Agreements (IGA) on behalf of DEMA.

8.0 PROGRAM MANAGERS

Program Managers shall be appointed in writing for programs within the Division of Emergency Management by the Director of the Division of Emergency Management, or by the Resource Manager for all other programs. In addition, the Resource Manager may appoint an Activity Manager within a program based on the recommendation of the Program Manager.

Each Program Manager (or Activity Manager if applicable) shall be responsible for insuring that expenditures from funds provided in their specific program are, in fact, allowed, authorized and within the scope of the funding source. Furthermore, the Program Managers (or Activity Managers if applicable) shall have sole authority to authorize expenditures from their program funds as long as such expenditures are within the funding source, and in compliance with this directive.

Program Managers are tasked with the responsibility to ensure funds in their control are spent in a reasonable and acceptable manner. It is important that the nature of the money be kept in mind. All monies are taxpayer funds and must be spent in the taxpayers' best interest.

Article 9, Paragraph 7 of the Arizona Constitution generally precludes the State and its political subdivisions from making gifts or incurring expenses that will not directly or indirectly benefit the State. Numerous court cases have interpreted this constitutional provision. The following passage is particularly relevant: "Public funds are to be expended

only for public purposes and cannot be used to foster or promote purely private or personal interests of any individual. In determining whether a proposed expenditure of public funds is constitutionally valid as being devoted to a public use or purpose, no hard and fast rule can be formulated; rather, each case must be decided with reference to object sought to be accomplished and with reference to the degree and manner in which such object affects the public welfare.” *Town of Gila Bend v Walled Lake Door Co.* (1971).

Specific questions to be answered prior to any purchase include:

- What value will the State accrue because of the expenditure?
- Is the expenditure crucial to the operation of the agency?
- Is it intended to be an eligible expenditure in the appropriation or by the authority creating the public fund? And
- A more practical question, what would be the reaction of an agency director, the governor, and the public if the details of that expenditure make the 6:00 news?

While the first three questions relate to the constitutional restrictions, the last question is often the deciding factor in making the purchase.

Following is a list of items and services that generally should not be purchased. It is not meant to be all-inclusive but to serve as a guideline:

ITEMS TO BE GIVEN AWAY. Public funds should generally not be used to purchase items to give away as rewards, incentives and advertising. This is especially true for gifts for transfers, promotions and retirements of DEMA employees. Employee of the Quarter plaques and other recognition items such as certificates and small emblematic tokens may be appropriate if they are of nominal value.

FOOD AND REFRESHMENTS. Food and refreshments for group meetings are usually dealt with on a case by case basis. The purchase of food and refreshments out of public funds for group meetings of State employees is not a valid public purpose in most instances. The purpose of group meetings changes as members of the public are included. If members of the public are attending meetings conducted by State agencies for the benefit of, or to assist State agencies, light refreshment (coffee, soft drinks, cookies) may be appropriate. Supplying refreshments and food to State employees at weekly or monthly staff or training meetings is not appropriate.

During emergency situations in which DEMA is responding in an official capacity, the purchase of meals for DEMA employees, State and other governmental employees, the general public and National Guard personnel, regardless of status, may be authorized by the Director of Emergency Management or other Program Managers as appropriate.

ITEMS FOR PERSONAL USE BY EMPLOYEES. Expenditures to benefit DEMA employees are not appropriate unless directly related to State business. Examples of items that should not be bought include:

- Flowers for employees or family members.
- Bottled water.
- Personal newspapers or magazines.
- Clothing unrelated to work.
- Commercial training seminars for personal enrichment (e.g. speed reading classes).
- Microwaves, coffee makers and refrigerators strictly for employee use.

Exceptions for these appliances can be made for locations where no cafeteria or food service operation is in the same building or within reasonable walking distance. Items such as ergonomic chairs may be appropriate in the interest of health reasons if prescribed by a physician.

ITEMS OF EXTRAVAGANT NATURE. Program Managers must always remain aware of the nature of public funds and avoid purchases that are extravagant or would appear to be extravagant in the public eye. Examples include:

- Expensive leather briefcases and schedulers.
- Cross or Waterman type pens and pencils.
- AM/FM stereo cassette or CD players for government vehicles.
- Commercial detailing of government vehicles.
- Solid brass desk accessories.
- Replace unworn office carpet just to change the color.

9.0 PROCEDURES

9.1 NORMAL PROCUREMENT PROCEDURES

Detailed instructions to initiate and consummate a procurement action through the Procurement Office under normal day-to-day procedures are provided below. A flow chart that graphically reflects the normal flow and responsibilities of each action (related to a normal procurement) is included as Attachment 2. **ALL EQUIPMENT PURCHASES MUST BE APPROVED BY THE DEPARTMENT RESOURCE MANAGER.**

9.1.1 Originator Responsibilities

The originator shall initiate the requisition to establish the requirement. The originator must:

- Determine the items or service authorized for purchase. The quantities specified must be realistic and, in the case of recurring requirements, be based on actual known previous year's requirements. Recurring requirements must be submitted with updated specifications.
- Provide the name and telephone number to call if additional information or coordination is needed by the Procurement Office.

- Cite any known source(s) to include the local or out of state telephone number and point of contact in the purchase request information. If a source of supply is not known, the requestor must provide, at a minimum, the manufacturer's name and address or brand name of the commodity.
- Provide a full description of the commodity or service.
- Provide detailed specifications for the commodity or service.
- Enter the requisition into BuySpeed. (Under no circumstances should the approver of the requisition be the same person who approves the purchase.)
- Specify a realistic delivery date cited as a specific calendar date.
- Specify a valid place of delivery to include: Name of the organization, Building number/room number, Street address, City, State, Zip code, Name of the point of contact and Telephone Number at the delivery site.

NOTE: Requests for the lease of equipment shall be accompanied by a lease vs. purchase analysis performed by the requesting organization.

9.1.2 Program Manager Responsibilities

- Identify the funding source.
- Determine if the procurement is within the scope of the funding authority.
- Determine if the funds are available within the program to fund the procurement.
- Amplify the specifications (if necessary).
- Provide a cost estimate and a complete fund citation.
- Approve the requisition in BuySpeed.
- Assist in the administration of the contract. Provide technical advice and assistance as required by the Procurement Office. Organizations shall not submit a requirement to Procurement for which technical assistance is not available.
- Inspect, receive, and certify receipt of supplies and services in a timely manner to preclude the loss of any prompt payment discounts offered by the contractor.

9.1.3 Comptroller Responsibilities

- Determine if the identified account and activity codes are proper and ascertain if funds are physically available in the account.
- Provide the Procurement Office with account information to enter into BuySpeed for each account holder submitting requisitions.

9.1.4 Purchasing and Contracting Office Responsibilities

- Determine appropriate procurement vehicle (IFB, RFQ, RFP, etc.) and review the technical specifications provided by originator to ensure they are clear, accurate and not restrictive.
- Manage complete bid/proposal process to include: Solicitation development and/or initiation, Technical review of bids/quotes/proposals, Pre-bid/proposal meetings, Post-award meetings, Contract award & administration, Procurement determinations, and Issuance of any necessary addenda.
- Provide professional definitive procurement guidance and instructions for the procurement of all supplies, materials, equipment, services and construction projects to ensure compliance with applicable laws, statutes, rules, policies and standards.
- Apply sound procurement and financial practices to ensure fairness and transparency in each procurement.
- Actively promote and practice responsible financial behavior throughout the supply chain.
- Assist in resolving contractual disputes and participate in all contract administration issues.
- Work in partnership with originator/requesting agency to reduce procurement time frames to a minimum while ensuring compliance with all applicable laws, statutes, rules, policies and standards.
- Record and financially analyze pricing documents. All requisitioned procurements less than \$50,000 not covered under a valid State of Arizona or DEMA contract shall be recorded on a Procurement Evaluation and Certification form (Attachment 15), signed by responsible procurement agent and filed with appropriate back up documentation.

9.2 DELEGATED AUTHORITY

The Arizona Procurement Code, A.R.S. 41-2501 et seq. authorizes the Director of the Arizona Department of Administration the authority to delegate procurement authority to any State government unit. Through The Adjutant General, the DEMA Procurement Manager has been authorized to purchase commodities and services for DEMA without any approval for expenditures of an unlimited amount.

It is the responsibility of each person with delegated procurement authority or authorization to obtain/issue quotations and release Purchase Orders to ensure that sources of supply and prices paid for products and services are consistent with DEMA's needs and reflect the best possible business agreement for the entire State of Arizona. Generally, full written documentation to support each requisition and resultant Purchase Order is not required when price quotations are not required under A.R.S. (e.g. purchases less than \$5,000) and/or a Purchase Order is released against an active, approved purchasing contract. However, **any Purchase Order issued under the terms of an active contract must reflect the contract number on the face of the Purchase Order.**

In accordance with the authority granted to the DEMA Procurement Manager:

9.2.1 The Resource Manager, Camp Navajo has been delegated the following procurement signatory authority by The Adjutant General:

- For all items NOT on mandatory State contracts: Procurement of all materials, services and facilities maintenance repairs where the total purchase or amount (including tax) is \$5,000 or less.
- For items that ARE on a mandatory State contract or which are available from Arizona Correctional Industries (A.C.I.) and the Arizona Industries for the Blind (A.I.B.): Procurement of all materials, services and facilities maintenance repairs where the total Purchase Order amount is \$50,000 or less (including tax).

All requisitions greater than the dollar limitations set forth above shall be sent to the DEMA Procurement Office for processing.

9.2.2 The following On-Site Buyers are authorized to solicit oral and/or written quotes for non-State contract supplies, services and maintenance repair up to \$50,000. The On-Site Buyer shall comply with all the provisions of the Arizona Procurement Code and DEMA Directive 40.2 and provide three (3) oral or written quotes for procurement actions greater than \$5,000 but less than \$50,000. All documentation shall accompany a BuySpeed requisition submitted to the Procurement Office for inclusion in the contract file. The award of all subsequent Purchase Order contracts shall be subject to the review/approval and signature of the Procurement Manager. The Purchase Order will be finalized at

the Procurement Office. **No commitment shall be made to any vendor prior to receipt of a Purchase Order signed by the Procurement Manager.**

- Base Engineer, 161st Air Refueling Group (ANG)
- Base Engineer, 162nd Fighter Group (ANG)
- Resource Management Office, Camp Navajo
- Director, Project Challenge

9.2.3 The following procedures must be verified by the appropriate delegated authority prior to entering into any procurement/contract:

- On-Site Buyers must determine that the commodity or service is not available through a mandatory State contract, Arizona Correctional Industries or Arizona Industries for the Blind. The Procurement Office will provide assistance upon request.
- On-Site Buyers shall prepare a BuySpeed requisition, completing all information blocks on the form.
- On-Site buyers must ensure that appropriate and adequate funds are available and that the Program Manager attests to the propriety of the procurement. This is accomplished through the approval process within BuySpeed's requisition.
- All quotations must be recorded on the Procurement Evaluation and Certification form (Attachment 15).
- All required MBE, WBE and small business requirements must be satisfied.

9.3 EMERGENCY PROCEDURES

A.R.S. § 41-2537, A.A.C. R7-E302 authorizes emergency procurements if there exists a threat to public health, welfare or safety, or if a situation exists that makes compliance with ARS § 41-2534 or 41-2535 unnecessary or contrary to the public interest. This procurement method should, however, be avoided as much as possible and emergency procurements shall be made with such competition as is practicable under the circumstances. An emergency procurement should be an infrequently used procurement method. If possible, approval to proceed with an emergency procurement should be obtained prior to the initiation of the procurement.

9.3.1 The Procurement Office will provide immediate procurement support to satisfy emergency requirements of DEMA during normal duty hours in accordance with applicable laws, statutes, rules and regulations.

Emergency purchases, including such items as clogged plumbing, inoperative heating/cooling systems, broken locks, etc., may be made when the Procurement Office is closed and/or a State purchasing card can be used. In circumstances where the State purchasing card was not able to be used, a BuySpeed requisition must be initiated the next business day and shall include sufficient documentation (i.e. a completed Emergency/Impracticable form, Attachment 10a) to identify the emergency circumstances in order to allow the requisition to be processed.

9.3.2 If an emergency requirement in excess of \$5,000 occurs after normal duty hours, the Procurement Manager shall be contacted prior to initiating any action that would financially obligate this Agency. This procedure is required to prevent unauthorized, after the fact, procurement actions.

9.3.3 A bona fide emergency condition may arise by reason of natural disaster, riot, and/or major equipment failure which threaten the health, welfare or safety of employees or the public. An emergency may also be declared by the Governor. The condition(s) of an emergency procurement must seriously threaten the functioning of State government, the preservation or protection of property, or the health or safety of a person. In response, the Procurement Office will set aside all routine work and provide immediate procurement support when an emergency condition results in either of the following:

- The capability of an element of an activity to perform its mission is significantly impaired; or
- The health, safety or physical well-being of the public, State employee(s) or others is threatened.

9.3.4 Emergency Procurement Documentation

- Any requestor seeking emergency procurement must prepare a written request (See Attachment 10a – Procurement Determination – Emergency or Impracticable) documenting the existence of an emergency condition and explaining the procurement necessary. The request shall be signed at the division director level, or higher, of the using activity and submitted to the Procurement Manager.
- To be approved for emergency action the Procurement Manager must determine that:
 - (1) The need exists for immediate response;
 - (2) The need affects the health, welfare, or safety of State personnel or others;
 - (3) The procurement was conducted with as much competition as practicable and/or reasonable; and
 - (4) The price to be paid is reasonable.

The information required on the Procurement Determination Emergency or Impracticable form may be provided to the Procurement Manager verbally and followed up in writing within two (2) business days for urgent needs that can not reasonably wait for an approved written determination from the Procurement Office.

The DEMA Purchasing Manager must prepare and submit a report on a quarterly basis to the Arizona State Procurement Office identifying each emergency procurement. The quarterly reports must be submitted by the 10th of the month following the end of each calendar quarter. A sample *Sole Source, Impracticable, and Emergency Procurements* report format is included as Attachment 9 to this directive. These reporting requirements are a condition of DEMA's unlimited procurement authority delegation.

9.4 SOLE SOURCE PROCUREMENT

A.R.S. § 41-2536, A.A.C. R7-E301 authorizes sole source procurement for materials, services, or construction without competition. Best value is driven by competition. Therefore, a sole source procurement should be avoided as much as possible and should only be utilized when no other reasonable alternative sources exist.

Sole source is not the “best” source nor the “only” source you will consider. A sole source situation occurs when no other product or service can conceivably serve the need of the agency.

Examples of possible sole source procurements include:

- A software maintenance agreement may be a sole source if the software owner is the only firm capable of maintaining and servicing the software. An alarm system maintenance contract is probably not a sole source as there are often multiple firms qualified to service the system.
- Parts to repair a specific piece of equipment may only be produced by one manufacturer. However, there may be more than one source for the parts. It is often possible to obtain quotes from suppliers that service other areas or states. If you are able to buy parts cheaper from a source that is 2000 miles away, your local source is probably taking advantage of its captive market.
- Membership in a specific organization is considered a sole source.
- There are times when you need to buy a product that is identical to other products in your system for the purposes of consistency or to minimize training costs. Although there may be sufficient justification to buy that specific product, it is not a sole source. In most cases the specific product is available from more than one source.

- Equipment/service with no comparable alternative and is available from only one supplier.
- Public utility services
- An item where compatibility is critical
- Software upgrades and maintenance
- Specialized Subscriptions/Books, i.e.; Dataquest
- Rental Rate Blue book

Sole source justification must be provided to the DEMA Procurement Manager, who has been delegated by the Arizona State Procurement Office with the authority to make such determinations and approve sole source procurements (See Attachment 10b for sample of Sole Source Justification form). A Sole Source Justification must reflect that a reasonable effort has been made to locate alternate sources and describe the extent of that effort. The justification must state why only one source can meet the State's minimum needs. These statements cannot be self serving and any conclusions must be supported by facts. The justification must address what attempts will be made to foster competition in this area and what consequences, or impact, will be to the State if the contract is not placed with the recommended sole source of supply. (See Attachment 10b)

In accordance with rule R2-7-E301 (Sole Source Procurements) the State procurement administrator must post the sole source request on the State Procurement Office website and invite comments on the sole-source request for five working days. Following this period, the State procurement administrator shall either:

- Issue written approval, with any conditions or restrictions;
- Request additional information from the agency chief procurement officer; or
- Deny the request if input or information received shows that more than one source is available or a reasonable alternative source exists for the procurement need.

After the sole-source procurement is authorized or approved, the DEMA Procurement Manager will negotiate a contract. Any resultant contract from a sole source procurement must include the State of Arizona Mandatory Contract Terms and Conditions (Attachment 16).

The Procurement Manager is required to report to the State Procurement Administrator, on a quarterly basis, all source sole procurement actions for DEMA (See Attachment 9 for sample report). The quarterly reports should be submitted by

the 10th of the month following the end of each calendar quarter. These reporting requirements are a condition of agency delegation.

The sole source procurement method shall be the most infrequently used procurement method. The determination of a sole source should occur prior to the initiation of the procurement and be supported by clear and convincing evidence that no other supplier, material, or service is available.

9.5 IMPRACTICABLE PROCUREMENT

A.R.S. § 41-2537, A.A.C. R7-E303 allows an impracticable procurement if a situation exists which makes compliance with A.R.S. § 41-2533 or 41-2534 “impracticable, unnecessary or contrary to the public interest.” When such is the case, an agency may forego some or all of the requirements for competitive bids or proposals. Such procurements shall be made with as much competition as is practicable under the circumstances.

Determining whether a situation is “impracticable, unnecessary or contrary to the public interest” requires considerable discretion and bestows an obligation for due diligence and careful analysis to ascertain that such a procurement meets the purposes of the code as articulated under Laws 1984, Chapter 251.

The requesting agency shall thoroughly document (See Attachment 10a) that an impracticable procurement meets the following test(s) before initiating the procurement:

- (1) Provides for increased public confidence;
- (2) Ensures the fair and equitable treatment of persons who deal with the procurement system of this State;
- (3) Provides increased economy in State procurement;
- (4) Fosters broad-based competition within the free enterprise system; and
- (5) Provides safeguards for the maintenance of a procurement system of quality and integrity.

An impracticable procurement should be an infrequently used procurement method. The determination and approval of an impracticable situation should occur prior to the initiation of the procurement and shall be supported by clear and convincing evidence that such procurement is in the best interests of the State. **An impracticable circumstance occurs when the need for materials, services, or construction cannot be expeditiously or cost-effectively met through normal procurement methods.** An impracticable procurement shall be limited to those materials, services, or construction necessary to satisfy the momentary need. Should an ongoing need exist, a competitive source selection shall be employed as soon as feasible.

Following are a few situations from which an impracticable condition may arise:

- A State office is hosting a workshop on a highly technical project. An international expert on the topic is needed as the keynote speaker. The agency has worked on the project with one speaker who has both the credentials and the audience appeal.
- The legislature has mandated a contract for services from a specific provider.
- Time-sensitive follow-up work is required on a highly complex project.

Each situation is unique in its own right and must be justified and documented with a thorough analysis of the circumstances to substantiate the determination. For the purposes of making such a determination, consider that **impracticable is not impractical!** Impracticable means “impossible to do or carry out,” while impractical means “unwise to implement or maintain in practice” or “incapable of dealing efficiently with practical matters, especially finances.” Public procurement requires that impediments to competition be overcome unless it is not in the best interests of the State to do so. Probably the biggest difference between private and public sector procurement is the requirement to remove as many impediments to competition as possible. The agency shall incorporate as much competition as is feasible and negotiate a suitable agreement while pursuing an impracticable solicitation.

The written determination of the basis for the impracticable procurement and for the selection of the particular contractor shall be included in the contract file. If an impracticable procurement is approved, a contract that is advantageous to the State shall be negotiated with the supplier. The contract must include the State’s Uniform Terms and Conditions. The impracticable request and approval must be documented in the contract file and be approved by the State Purchasing and Contracting Office prior to the procurement being initiated.

9.6 CONSTRUCTION AND FACILITIES MANAGEMENT

Normally military construction contracting for sustainment restoration and maintenance (SRM) projects at Army National Guard facilities on State property is to be done by the State, using State procedures and State personnel. According to NG PAM 420-1, the USPFO may perform Federal contracting on State property only if:

- (1) State of Arizona law authorizes the Federal government to perform Federal contracting on State land; and
- (2) The State of Arizona’s Attorney General provides a written opinion to that effect.

Unless this authorization and a written opinion from its State Attorney General are obtained, Federal contracting can only be utilized on Federal land. However, the State is not required to use Federal contracting for projects on Federal land.

10.0 REIMBURSEMENT FOR REVOLVING FUNDS

A Revolving Fund (Imprest Account) is a fund in which the amount of the cash receipts is normally equal to the amount of cash disbursements. In Arizona there are five types of revolving funds:

- (1) Internal service funds
- (2) Enterprise funds
- (3) 90/10 funds
- (4) Statutorily mandated funds (such as the Public Assistance and Administration Revolving Fund)
- (5) Imprest fund

The Procurement Office recognizes when a revolving fund (petty cash) expenditure is the most reasonable method of acquiring a commodity or service. In those instances, DEMA personnel authorized by the appropriate Program Manager and the Comptroller or Fiscal Manager may make purchases with “out of pocket” cash (not to exceed \$35.00 on each transaction) to be reimbursed by the Revolving or Petty Cash Funds. Reimbursements shall be made in accordance with the procedures established by the Program Manager, DEMA Comptroller and the requirements of the current State of Arizona Accounting Manual. These procedures shall not be used to subvert the requirements of the Arizona Revised Statutes for competitive procurements or the requirement to purchase from mandatory State contracts, Arizona Correctional Industries (A.C.I.) and/or Arizona Industries for the Blind (A.I.B.).

This type of purchase shall only be made when a procurement card and/or a previously issued Purchase Order is unavailable.

11.0 PROCUREMENT LEAD TIME/TURN AROUND TIMES

Current Procurement Rules and Regulations generally require all purchases exceeding \$5,000 be based upon competitive pricing or quotations. Typically, this does not include approved emergency and sole source procurements/purchases. Furthermore, reasonable judgment must be used in awarding contracts/bids/quotes \$5,000 and less. Quotations may be requested for purchases less than \$5,000 but is not required. However, all Executive Orders considering awarding potential contracts/bids/quotes to small-, woman-, and/or minority-owned businesses must be considered. See the Arizona Procurement Rules and Regulations for the latest requirements.

Pricing for procurements between \$5,000 and \$50,000 are generally obtained by telephone, faxed or written requests for quotations. The request for quotation must be open for a reasonable time determined by the DEMA Procurement Manager based on DEMA’s current needs. Requests for quotation and issuance of a Purchase Order should be completed within three (3) to five (5) working days after the Procurement Office receives the appropriate documents (written specifications, BuySpeed requisition, etc.) provided each requirement is sufficiently described to allow accurate quotes from vendors and a requisition has been initiated and followed the appropriate approvals in BuySpeed.

The request for quotation (\$5,000 to \$50,000) must either be posted on the State procurement office's centralized electronic system indicating the date by which offers are due, or the request for quotation must be distributed to a minimum of three (3) small businesses. Suppliers asked to submit quotations must be rotated and at least one small minority- or woman-owned business enterprise must be invited to submit a quote. If a small minority- or small woman-owned business enterprise can not be found, the DEMA staff buyer must document in the procurement file that a small business could not be located.

These procurements may require an additional three (3) to ten (10) days processing time to allow for receipt of any payment or performance bonds, insurance certificates, or any other contractual documents required to be submitted to the Procurement Office by the awarded contractor.

Procurements in excess of \$50,000 must follow a Sealed Bidding process and will require four (4) to seven (7) weeks processing time (assuming the specifications or scope of work clearly defines the item(s) required).

All purchases less than \$50,000 must be awarded to small businesses, when practicable. By Executive Order, all State agencies must solicit quotations from at least one minority-owned or woman-owned business. The procurement officer is required to rotate the small business solicited to compete for any procurement of less than \$50,000 dollars. If it is impracticable to restrict a procurement to small businesses, the procurement officer or procurement cardholder shall document in writing the reasons for not awarding the contract/quotation to a small business and place the determination in the contract file. See Article 20.0 **SMALL BUSINESS PROGRAMS** for the proper procedures to track small/woman/minority businesses.

The foregoing time estimations do not include delivery time, performance time, or other contractual provisions (e.g. Performance Bonds, Payment Bonds, Insurance Certificates, etc.) that must be documented prior to the issuance of a hard copy Purchase Order.

See Attachment 14 for a breakdown of approximate time frames each step in the procurement process.

12.0 ACQUISITION OF TEMPORARY LABOR SERVICES

Procurement of temporary clerical or industrial labor from mandatory State contract/commercial sources must be approved by the DEMA Administrative Services Officer (DEMA/JP-P), prior to submission of the requisition to the Procurement Office. The DEMA Administrative Services Officer must determine that the required temporary help is not available from State personnel pools.

13.0 REQUISITION OF COMPUTER HARDWARE AND SOFTWARE

All procurements for computer equipment, computer software, communications equipment and computer services with total costs of at least twenty-five thousand dollars but not more than one million dollars require approval of the Government Information Technology Agency (GITA). GITA may establish conditional approval criteria including procurement purchase authority. If the total project costs exceed one million dollars, GITA will evaluate the project and make recommendations to the information technology authorization committee. Beginning on June 1, 1998, as part of a budget request for an information technology project that has total costs of at least twenty-five thousand dollars, a budget unit is required to indicate the status of the review by GITA.

Projects can not be artificially divided to avoid review by GITA.

Within DEMA, requests for hardware and software approvals from GITA must be submitted through the DEMA Resource Manager (DEMA/JP-R), with the exception of Camp Navajo and Emergency Management who will obtain their own approval. Computer hardware and software requisitions submitted to the Procurement Office must have all required approvals attached or they will be rejected.

The following clause(s) must be included in a solicitation for electronic or information technology products, services or maintenance:

Special Instructions: Offeror shall comply with A.R.S §41-3531 which requires conformance with the requirements of Section 508 of the Rehabilitation Act of 1973. Offeror shall declare compliance or non-compliance with A.R.S. §41-3531 and Section 508 and describe the specific characteristics that satisfy or fail to satisfy this requirement in this offer.

Special Terms and Conditions: Products, Services and maintenance shall comply with A.R.S §41-3531 which requires conformance with the requirements of Section 508 of the Rehabilitation Act of 1973. Failure to comply shall be considered a breach of the contract.

14.0 REQUISITION/PURCHASE OF VEHICLES

Federal law relating to Alternative Fuel Vehicles (AFV) was passed in the Energy Policy Act of 1992 and amended in 2005. The law pertains to State vehicles located in the following Metropolitan Statistical Areas: Maricopa County, Pima County, Pinal County and Mohave County. Briefly, the law states: Seventy-five percent (75%) of annual fleet purchases must be capable of operating on alternative fuels.

State AFV law is located in A.R.S. §41-803 and mandates the same purchasing requirement as federal law: For model year 2001 and all subsequent model years, seventy-five percent (75%) of new motor vehicles purchased shall be capable of operating on alternative fuels or clean burning fuels.

Additionally, beginning January 1, 2007, and in accordance with Executive Order 2006-13,

“...all state agencies, boards and commissions shall purchase only vehicles that are hybrids, meet low-Green House Gas (GHG) emissions standards, or use E-85 fuel, biofuels or other low-GHG alternative fuels (TLU_13), with the goal that by January 1, 2010, all state vehicles shall be hybrids, meet low-GHG emission standards, or use E-85 fuel, biofuels or other low-GHG alternative fuels (TLU-13). Certain State law enforcement vehicles, including “pursuit-rated” and covert vehicles are exempt from these requirements.”

Prior to ordering and/or taking delivery of any vehicles (fleet or otherwise), DEMA must obtain the approval of the Department of Administration’s Alternative Fuels Office at (602) 364-2872.

15.0 PAYMENT OF INVOICE DESCREPANCIES

In order to reduce invoice payment timeframes, and to minimize the administrative workload in processing change orders, the Accounting Office(s) needs the ability to make payments when the invoice amounts are not the same as the purchase total. This is necessary to allow for minor adjustments to Purchase Orders such as tax variations and freight charges.

The Fiscal Service Manager is authorized to make payments without a Change Order to the Purchasing Office when the difference between the invoice and the Purchase Order is less than \$50.00. The Fiscal Service Manager will send an e-mail to the Procurement Office citing the Purchase Order number(s) when such payments have been made.

For changes over \$50.00, the Fiscal Service Manager will notify the Program Manager of the difference and ask the Program Manager to initiate and send a Purchase Change Order Request to the Procurement Office. The request for change order must cite the dollar amount and reason for the change. See Attachment #11 (Purchase Order/Requisition Modification Request).

Unclear, questionable or unauthorized changes under the terms of the original solicitation, quotation, contract terms or Purchase Order should be referred to the appropriate representative in the DEMA Procurement Office.

16.0 VIOLATIONS; LIABILITY; ENFORCEMENT AUTHORITY

A person who procures any material, service or construction in a manner contrary to the requirements of A.R.S. §41-2616, or the regulations promulgated pursuant to that subsection, is personally liable for the recovery of all public monies paid plus annual interest accrued of twenty percent (20%) of such amount from the date of payment in addition to all costs and/or damages arising out of the violation.

Any person who intentionally or knowingly procures any material, services or construction pursuant to a scheme or artifice to avoid the requirements of A.R.S. §41-2616, or any provision of the Arizona Procurement Code may be guilty of a Class 4 felony.

Unauthorized Commitment shall mean an agreement that is not binding because the State representative who entered into it lacked the authority to enter into that agreement on behalf of the State. Program Managers must take positive action to preclude, to the maximum extent possible, unauthorized commitments. Any claim for the payment of goods, services, or construction, which was not covered by a valid contract/Purchase Order, will be forwarded to the responsible Program Manager for action. The Program Manager shall investigate the circumstances and forward the following documentation, along with the claim to the Procurement Manager (This information must be provided on Attachment 19/Unauthorized Purchase):

- Name and position title of the person who authorized the purchase.
- A detailed statement signed by the individual describing the circumstances why normal procurement procedures were not followed.
- What legitimate State requirement necessitated the commitment and any and all other pertinent information/facts.
- A statement that the supplies/services/construction have been provided to and accepted by the State and what benefit the State has or will obtain from this unauthorized commitment. The statement shall clearly indicate that funds are available and were available at the time the unauthorized commitment was made. Additionally, it must provide the basis for the determination the price to be paid is considered fair and reasonable and describe measures taken to prevent future unauthorized commitments.

The Procurement Manager will review the documentation and, if necessary, forward the file to the Attorney General's Office for determination of appropriate action. If the Procurement Manager and/or Attorney General's Office determines that payment should be made, the Program Manager will initiate a requisition through BuySpeed with sufficient funds to cover the action.

17.0 REQUISITIONS/PURCHASE ORDERS – INSTRUCTIONS FOR BUYSPEED

17.1 CREATING A REQUISITION IN BUYSPEED

Note: Before you begin, you will need an ACCOUNTING CODE and a COMPTROLLER'S OBJECT CODE.

1st STEP – REQUISITION TAB

- Click on the brown REQUISITION tab.
- The message "Do you want to create New Requisition?" will appear. Click "yes".
- Select date on red/white calendar indicating when you would prefer to have your requisition converted into a P.O. **NOTE: Allow at least five (5) working days for normal processing time in Purchasing.**

- In “Description area” input short description to allow you to find your document at a later date if necessary.
- The FY (fiscal year) will need to be changed each year for State purchases. The federal FY will stay the same until October 1st each year.
- Click on Save icon. The following message will appear: “DOC# Manual Input”. If the input letters from the Accounting Code (MM, TU, FW, etc.) show in the BuySpeed “Document Number Manual Input” screen, then click “OK”. This will then give you a Requisition Number.
- Click on Save icon.

NOTE: Changes can ONLY be processed while status is “Requisition Initiated” or “Requisition Returned”.

2nd STEP – ITEMS TAB

- Click on the ITEMS tab.
- Fill in the quantity, unit cost and Unit of Measure (UOM). Use the drop down menu under “UOM” to change the UOM from “Each” to the appropriate UOM for your requirement.
- Hit the Tab button through to the yellow “Tax Rate”, then use the drop down menu to select the appropriate “Tax Rate ID” in BuySpeed. NOTE: Normally, the appropriate “Tax Rate ID” is where the item(s) is(are) being delivered to or where the service(s) is(are) being provided; however, this may vary depending on where the vendor is located and the vendor’s nexus. If the business has a connection (nexus) with Arizona, it may owe Arizona sales tax. A business with nexus is required to register with the Arizona Department of Revenue and pay (or collect from its customers) the appropriate Arizona transaction privilege (sales) taxes.
- Click on “Class Item Look-Up” search field, which is the 2nd set of eye glasses. Use the Elevator button on the right side of the screen to find the appropriate code to be used. Left double click on code/item to select it.
- Description Area – Fill in all information, specifically what is needed for this request. The more information provided, the better.
- NOTE: If more than one (1) item is needed, right click in the grey area of first item added, then click on Add button. Continue typing/inputting the next item(s).
- HINT: If more than one (1) item is added, you will need to be “in” that item to properly pick the Accounting Code.
- Click on Save icon.

3rd STEP – ITEM ACCOUNT TAB

- Click on the ITEM ACCOUNT tab
- Right click on gray screen. A pop-up menu will appear. Click on “ADD.”
- Add Accounting Code information, for example FM-SA-04-21110-20026 or ES-04-90096-60024
- Double Click to pick Accounting Code. This will take you back to the Accounting Screen.

- Tab over to percent. The default is 100%. For each item number entered, you will need recalculate Accounting Distribution Tab on top to put dollar amount.
- Click on Save icon.

4th STEP – VENDOR TAB

- Click on the VENDOR tab.
- Click on glasses to conduct vendor search. On vendor list choose first letter in vendor name.
- Scroll down to appropriate vendor name and then double click on correct vendor.
- Click on Save icon.

NOTE: If the vendor is not in BuySpeed, stay in the vendor table and add the vendor name. To add a vendor, click on the NEW tab, type in the vendor name, click on the ADDRESS tab, and enter the information. Pressing Control-V will input the vendor and information into BuySpeed. Click on Save icon. After entering the requisition and vendor in BuySpeed, notify the Purchasing Office of the vendor's name, mailing address, city, state, zip code, contact name(s), and the company's Federal Tax ID Number.

5th STEP – REQUISITION TAB

- Click on the brown REQUISITION tab near the lower portion of the Document Manager Screen.
- Click on "Requisition:" status drop down menu. This should now reflect "Requisition Initiated".
- Select "Ready For Approval" and then click on Save icon.
- Click on "Routing" tab to verify the approval path. Make any necessary changes.
- Print requisition for your records.
- Send appropriate back up information and a copy of the printed requisition to the Purchasing Office.

NOTE: The Purchasing Office can NOT process a requisition/Purchase Order if BuySpeed shows the Accounting Code in red numerals. If the Accounting Code is red, you will need to stop processing the requisition and correct it with the appropriate budget representative.

NOTE: Without exception, all "mail invoice to" addresses on the requisition entered into BuySpeed and resultant hard copy Purchase Order must be: State of Arizona, State Accounting Office, Bldg M5101, DEMA/JP-R, 5636 E. McDowell Road, Phoenix, AZ 85008-3495.

17.2 LOOKING UP A REQUISITION BY NUMBER IN BUYSPEED

- From the Purchasing Navigator Screen in BuySpeed, click on the brown REQUISITION tab.

- The message “Do you want to create New Requisition?” will appear. Click “no”.
- In the Document Locator screen, type in the requisition number in the “Requisition Document ID:” field.
- Click on “Build/Go” button.

17.3 CREATING A PURCHASE ORDER IN BUYSPEED

1st STEP – PURCHASING NAVIGATOR SCREEN

- Click on green PURCHASE ORDER tab. The message “Do you want to create New Purchase Order?” will appear. Click “yes”.
- Select Item #1 then right click on it and delete it.

2nd STEP – DOCUMENT LOCATOR SCREEN

- Click on LOCATE/COPY tab. You should get the Document Locator screen.
- Click on REQUISITION tab. From the “Buyer” field drop down menu, pick a name from the list.
- From the current “Major Status” field drop down menu, select purchaser assigned and then click on the “Build/Go” button. A list of assigned requisitions will appear.

3rd STEP – PURCHASE ORDER

- Click on appropriate requisition and drag it into the white Purchase Order area. Release mouse button to put the requisition in the Purchase Order.
- The message “Do you want to copy header information from document-.....” will appear. Click “yes”.
- The message “All lines were added.” will appear. Click “OK”.

4th STEP

- Press the F9 key to show all.
- Click on Save icon to get Purchase Order suffix of P.O. number. This will be suffix letters from the Accounting Code.

NOTE: Federal funds will require the FY to be changed from the current year listed on the screen to the correct federal FY. (This only applies to offices using federal funds, i.e.; EV, SH, TU, FA, AS, FMO, WA & ES).

5th STEP – GENERAL TAB

- From the P.O. Type drop down menu on the GENERAL tab, select from the list what the P.O. is for (i.e. Services, Goods, etc).

6th STEP – PROMISED DATE CALENDAR

- On the Promised Date Calendar, select a date according to the requisition being converted into a P.O. (Click on the red/white calendar button and a date calendar will pop up. Double click on the appropriate date.)

- Scroll down and select “Net 30” as the payment terms, or select the appropriate payment terms as stated in the contract/pricing agreement.
- Select and click on the appropriate shipping terms.
- Click on the Save icon.

7th STEP – ITEMS TAB

- Click on the ITEMS tab.
- Check for errors in the description area of the item(s) requested.
- Enter spacing between the item description by hitting the Enter button at least two times and add the following: “Any questions regarding this request please call:” and add/input individual’s name and telephone number.
- OPTIONAL – If the item/purchase covered under the P.O. is covered under a contract, consider typing in the text field: “All terms and conditions of State of AZ (or DEMA, etc.) contract # _____ shall apply.”

8th STEP – ADDRESS TAB

- If the “Ship to” address needs to be changed, click on the ADDRESS tab, then click on the arrow. Scroll down and select the correct address from the drop down menu.
- Click on the Save icon.

9th STEP – CUSTOM TAB

- Click on the CUSTOM tab. The Contract Officer/Buyer must enter the appropriate State or DEMA contract number or enter “Quotes” or “Interagency”.
- Click on the Save icon.

NOTE: To make changes in BuySpeed, the status must be “P.O. in Progress”.

10th STEP – PURCHASE ORDER TAB

- After reviewing all information for correct spelling, wording, etc., click on the green PURCHASE ORDER tab located on the bottom row. This will take you back to the first screen. Status will be, and must be, “P.O. in Progress”. Change it if the status indicates otherwise.

11th STEP – STATUS

- Click in status area.
- Select “P.O. Ready for Approval”.
- The message “Manual Approvers do you want to continue?” will appear. Click “yes”.
- Click on Save icon. Status will change to “P.O. Ready to Send.”

12th STEP – PRINTING

- Click on Print icon.

- In the Document Print Set Up screen, put a check in the box following “Print Account Detail” in order to print the Accounting Detail to get the Accounting Page of the P.O. Every Purchase Order will have an Accounting Page.

NOTE: Before exiting to process another Purchase Order, make sure the status is “P.O. Sent”. If the status does not indicate this, end users will not be able to correctly process a “Receiving Report - O.K. to pay”.

NOTE: The responsible buyer will determine the proper shipping terms (FOB) for the purchase and ensure they are added to the Purchase Order (See Attachment 18).

17.4 BLANKET PURCHASE ORDER(S)

The cost of issuing and handling requisitions and Purchase Orders and ultimately paying the resultant invoices may be reduced when conditions permit the use of blanket or open-end orders. A blanket Purchase Order (BPO) usually covers a variety of items and may allow for the addition of items and/or extension of time. Maintenance Repair and Operating (MRO) supplies and requirements or services used in volume and purchased repetitively over a period of several months are the most appropriate use of a BPO.

BPO's ARE NOT APPROPRIATE for purchases/procurements covered under Article 5 (i.e. Construction, A/E Services) of the Arizona Procurement Code. Additionally, any BPO issued is subject to the same competitive solicitation requirements outlined in the Arizona Procurement Code and/or Arizona Revised Statutes.

BPO's involving the purchase of estimated quantities over a period are negotiated and incorporated into the actual order. Subsequently, releases or specific quantities purchased are made against the BPO tied directly to the agreement/terms previously negotiated with the contractor.

17.4.1 Instructions

- (1) BPOs shall only be used for annual reoccurring service contracts/agreements. For example:
 - Chiller Maintenance
 - Fire Alarm Inspections
 - Fire Extinguisher Inspections
 - Fire Hose Testing
 - Fire Sprinkler Inspections
 - Fire Suppression System Inspections
 - Janitorial Service
 - Land Leases (when feasible)
 - Oil/Water Separator Maintenance
 - Pest Control
 - Trash Service

Other BPO's for commodities or services available under the terms of an already established and current/valid contract awarded by either the Procurement Office (State) or State Procurement Office may be approved by the Procurement Manager (State) when appropriate.

- (2) Within the Facilities Management Office (FMO), BPOs must be prepared for a designated subset of facilities and be grouped by the following criteria: Requesting FMO office, Vendor, and Funding type.

The following is a non-inclusive list of BPOs for trash service as an example:

Requesting Office	Vendor	Fund Type
FMO	Allied Waste	RC
FMO	Allied Waste	LR
FMO South	Vista Recycling	RC
FMO South	Allied Waste	RC
FMO South	Allied Waste	FM

- (3) In most cases a single line item will be used when entering the requisition in BuySpeed. The quantity of the line item shall be the total cost of all goods or services covered under the BPO. The unit of measure will be LOT. The unit cost must be entered as \$1.00.
- (4) Begin line Item 1 of all Blanket Purchase Orders (BPOs) with the following:

BLANKET PURCHASE ORDER:

1. For the purchase of *(insert complete description of goods or services)*.
2. Not to EXCEED \$(*insert maximum dollar amount*) per line item (*if multiple line items only*).
3. Not to EXCEED \$(*insert maximum dollar amount*) per transaction/order (*if applicable*).
4. Total purchase of this Blanket Purchase Order shall not EXCEED \$(*insert maximum dollar amount*).
5. Period of Blanket Purchase Order is (*insert beginning date*) to (*insert ending date*).
6. Customer Account No: # (*Insert account number if any*).
7. Store No: (If applicable). POC: (Insert name of vendor point of contact).
8. Blanket Purchase Order for (insert what group of facilities this BPO is for, for example: Southern FMO Readiness Centers and then list each building number included this BPO).

- (5) Within FMO, the Building, Facility Type, Location, and AMSCO are not required in the ***FOR FMO/INTERNAL USE ONLY*** section of a BPO.
- (6) When preparing a Receiving Report, enter the dollar amount of the invoice as the quantity received.

17.4.2 BPO End user and/or requisitioner responsibilities

- Ensuring no items or services are ordered using the BPO other than those specifically authorized under the terms of the actual BPO and/or contract for which the BPO is authorized under.
- Enforcing the terms of the BPO and ensuring the total value of the BPO is not exceeded.
- Requiring that any packing slip or invoice submitted against the BPO for payment clearly indicates the correct BPO/Purchase Order number.
- Following the proper receiving procedures in BuySpeed and the State of Arizona Accounting Manual.

17.5 COMPTROLLER RESPONSIBILITIES

The DEMA Comptroller is responsible for ensuring that BuySpeed contains the appropriate accounting information for requisition and Purchase Order processing. This information includes appropriation year, index, PCA and Comptroller Object Codes. The necessity to check for the availability of funds by the Comptroller is not required for BuySpeed requisitions because the automated BuySpeed system tracks funds and provides warnings when budgets are potentially exceeded.

17.6 DEMA BUDGET OFFICER RESPONSIBILITIES

The DEMA Budget Officer is responsible for determining the budget levels for the fund managers and for having these funds available in the automated system for the fund managers. The budget levels (including changes) are made with the concurrence and knowledge of the appropriate Comptroller. These budget levels are maximum amounts which are available to the fund manager for spending for any given time, (normally on a quarterly or semi-annual basis). The amount of funds available for purchases is based on the type of funds and the schedules for advances and reimbursements.

The Budget Officer will provide to the Procurement Office a listing of BuySpeed accounts and the maximum dollar amounts available for spending at the beginning of the appropriate fiscal year. Periodically throughout the fiscal year, the Budget Officer will need to adjust the maximum dollar amounts and will notify the Procurement

Office in writing of such. The Procurement Office will make the changes within BuySpeed and then notify the Budget Officer, appropriate fund manager and Comptroller. No changes shall be made without written approval of the Budget Officer.

17.7 NEW VENDOR PROCEDURES

When a new or referenced vendor is created in BuySpeed, the Procurement Office will contact the vendor to verify its address, point of contact, phone and fax numbers. At that time, the vendor will be classified as a small or a large business. The vendor will also be asked for its Federal Employer Identification Number (FEIN) to input into BuySpeed. The FEIN will be input into the "Federal ID Number" field with a suffix (the last three digits of the field following the FEIN). The last three digits are the AFIS Remit code which will be blank.

A screen print of the vendor's name and address from the Vendor table will be faxed to the DEMA Accounting Office and the AFIS Remit Code will be requested at that time. No later than the end of the same business day, the DEMA Accounting Office shall provide the AFIS Remit Code to the Procurement Office. If the DEMA Accounting Office determines a new vendor code must be created in AFIS, the Procurement Office will be notified and the DEMA Accounting Office will send an AFIS Vendor Set-Up Request to the Vendor.

After receiving notification a new AFIS Remit Code is required, and because it may take several days to obtain a new AFIS Remit Code, the Procurement Office will process the requisition and leave the last three digits of the Federal ID Number field blank in BuySpeed by using the FEI only.

After the DEMA Accounting Office has obtained a new AFIS Remit Code and provided it to the Procurement Office, the Procurement Office will update the BuySpeed Vendor table for future use and then print a revised copy of the Purchase Order (including the mail code). The Purchase Order shall then be sent to the DEMA Accounting Office to process further. A final Purchase Order will not be released by the Procurement Office until the AFIS Remit Code is provided.

18.0 PURCHASING CARD PROCEDURES

The purpose of this section is to provide general instructions on the proper use of commercial purchasing cards that have been issued to State of Arizona employees to make purchases with State funds for OFFICIAL GOVERNMENT USE ONLY. (State funds may also include cooperative agreement funds, other revenue funds as well as federal grants.) The purchasing card allows selected activities and employees to purchase items directly from vendors in lieu of the normal requisition process with limitation.

NOTE: GAO Technical Bulletin (No. 08-01) and its Purchasing Card Policies and Procedures are incorporated herein. Any discrepancy between this directive and applicable GAO Technical Bulletins shall be governed by the respective GAO Technical Bulletin.

18.1 PROCUREMENT OFFICE RESPONSIBILITIES

The Procurement Office is responsible for establishing and monitoring the purchasing card program within DEMA. Specific responsibilities include:

- Coordinating with the State Procurement Office on matters relating to the purchasing card contract and implementing procedures within DEMA.
- Acting as a liaison with credit card issuer to obtain cards for DEMA employees.
- Assisting and helping resolve disputes with credit card issuer and/or retailers.
- Issuing and monitoring cards for DEMA employees or obtaining and destroying cards no longer needed.
- Conducting training, to include Standards of Conduct/Ethics training with cardholders.
- Monitoring cardholder monthly statements in order to ensure compliance with card issuer/ADOA guidelines, the Arizona Procurement Code, and GAO Purchasing Card Policies and Procedures.
- Documenting cardholder monthly statement reviews on the Purchasing Card Monthly Checklist(s) (Attachment 3).

18.2 ISSUANCE OF PURCHASING CARDS

Purchasing Cards (also referred to as P-Cards) are issued by the Procurement Office to State employees authorized by the appropriate Program Manager. Only State of Arizona employees may be authorized cardholders. In order for a State employee to be issued a card, the employee must complete a Card Issuer's Application (Attachment 4) and submit it via the Program Manager to the Procurement Office. The request will be reviewed and, if approved, forwarded to the card issuer (Bank).

Once the application is approved by the card issuer, the Procurement Office will train the individual prior to activating the card. Upon completion of the training, cardholders must sign a DEMA Cardholder Agreement (DEMA Form 025, Attachment 5) and a State of Arizona Purchasing Cardholder Agreement (General Accounting Office: Form GAO PC-101 (03/08)). The card will then be assigned to the cardholder and embossed with the cardholder's name.

The card can not be given to or used by anyone other than the assigned State employee.

18.3 SPENDING LIMITS

All DEMA Purchasing Cards have a maximum single purchase limit of up to \$5,000 per transaction (including tax) and a total Credit Limit of \$15,000.00 per month. Exceptions to this policy may be requested by the Program Manager and/or the Procurement Manager for certain circumstances (e.g. State Active Duty call up and/or emergencies declared by the Governor). The Program Manager and/or the Procurement Manager may impose lower limits to individual cardholders when necessary.

The cardholder may also be limited by the card issuer on the types of items authorized for purchase. A card may be rejected by a retailer if non-conforming purchases are being made.

Spending Limits apply to the total transaction amounts, including taxes, delivery, and installation. Dividing purchase transactions to circumvent aggregate purchase limits, single purchase limits, daily limits or monthly limits is prohibited.

18.4 ITEMS NOT AUTHORIZED FOR PURCHASE

The following items are **NOT** authorized for purchase at any time:

- Items or services that must be backordered. This is to ensure receipt of the items prior to the end of the current billing cycle.
- Services requiring the issuance of an IRS Form 1099 (or equivalent), e.g. rents, miscellaneous income to independent contractors, medical and health care payments or fees paid to accountants, attorneys, programmers, temporary help, etc.
- Alcoholic beverages or any illegal substance.
- Except as otherwise provided, the P-Card may not be used to purchase gasoline, meals or incidental expenses related to travel. However, the P-Card may be used to book hotel rooms for meetings, conferences or other authorized events and pay for conference and training registration fees.
- Purchase of traveler's checks or any negotiable instrument.
- Cash withdrawals from ATMs or other sources.
- Fuel. Fuel for State vehicles must be purchased with then current gasoline "fleet" credit card.
- Items and services not otherwise allowed by the normal Purchase Order process or the Statewide Purchasing Card (P-Card) Policies and Procedures.

- Except when meals are included in the price of a conference, the P-Card may not be used to pay for meals and incidental expenses. The State traveler must pay for meals and incidental expenses incurred in accordance with the current Statewide Travel Card Program.
- Travel. Travel must be purchased in accordance with the latest travel policies issued by GAO and DEMA's travel policies using the Corporate Travel Account or "ghost card".

18.5 MANDATORY STATE CONTRACTS

Whenever practicable, **ALL** items and services available on State of Arizona contracts (such as office supplies, furniture, etc.) which meet the minimum order quantities and performance requirements must be purchased from the contracted vendor. Requested items and/or services not meeting the minimum order quantities or performance requirements may be purchased from the contracted vendor but this is not mandatory. In addition, AzSPO Policy Number Two states:

A.R.S. 41-2501, R2-7-A301 allows State Agencies exemption from the purchase of State contract items with approval of the State Procurement Administrator. Based upon this rule, and input from the vendor community, State contract usage may be discretionary for purchases made under the Purchasing Card Program for emergency purchases, field purchases, urgent need, or otherwise impractical purchase situations which total less than \$200. However, if practical, State contracts should be the first choice, if time and physical proximity permit.

Purchases may not be "split" to circumvent card or credit dollar limits, and any items not on State contract shall be purchased using such competition as is practicable under the circumstances.

"Off Contract" procurement card purchases of less than two hundred dollars (\$200) must be made in accordance with Arizona Procurement Office Policy 002 and do not require an "Off Contract Purchase Authorization" (SPO 150) to be approved by the DEMA Procurement Manager.

18.6 CARDHOLDER PROCEDURES

All cardholders must retain the charge "tissue copy" and/or the cash register receipt in order to reconcile cardholder's monthly statement at the end of the billing cycle. It is the cardholder's responsibility to ensure each charge tissue copy and/or cash register receipt contains sufficient information to properly identify the purchase. This shall include the date, nomenclature, dollar amount, and brief description of the item(s) purchased. If enough information is not available on the receipt, the cardholder must physically document (i.e. handwrite) the information on the purchase paperwork/receipt.

The charge tissue copy(ies) and cash register receipt(s) shall be retained by the cardholder until the cardholders monthly statement is received and reconciled. The tissue copy(ies) and the cash register receipt(s) shall be attached to the cardholder's monthly statement. In accordance with the State of Arizona, General Accounting Office Technical Bulletin No. 08-01 (Statewide Purchasing Card (P-Card) Policies and Procedures), if the tissue copy(ies) or cash register receipt(s) are lost or unavailable, an affidavit (Attachment #22, or substantial equivalent containing the required information) must be completed detailing the purchase date, vendor, product, cost, tax, other charges, and the reason the receipt is not available. The completed affidavit must be signed by the cardholder and their respective supervisor and forwarded to the Program Manager with the reconciled/signed statement for review.

Cardholders must maintain a log of all purchases to include: Date, Vendor, Dollar Amount, Work Order Number, a Facility Number or any other information determined necessary by the Program Manager to determine the proper Index and PCA to apply the purchase at the end of the billing cycle.

At the close of each billing cycle, the cardholder will receive a monthly statement of purchases. The cardholder shall thoroughly review the monthly statement and match it with the tissue copies and/or cash register receipts. Within three (3) calendar days of receiving the monthly statement, the cardholder shall:

- Attach the tissue copy(ies) and cash register receipt(s) to the monthly statement (along with any credit memos),
- Sign the statement to certify that it is accurate*, and
- Forward it to the Program Manager.

*If the cardholder is unavailable to sign the cardholder monthly statement (i.e., leave, training, travel), then the tissue copies and register receipts shall be forwarded to the Program Manager by the cardholder prior to leaving. The Program Manager must then review the statement and indicate "Not Available To Sign" on the cardholder monthly statement. The Program Manager must then sign in the cardholder's absence. It is the Program Manager's responsibility to obtain the cardholder monthly statements from the cardholders.

18.7 PROGRAM MANAGER PROCEDURES

Within three (3) calendar days after receiving the Program Manager Monthly Statement from the bank, the Program Manager shall:

- Review, approve and sign the Program Manager Monthly statement;
- Provide a breakdown by Index, PCA and Comp Object of the dollar amounts to be encumbered and paid on the monthly program manager statement. (A breakdown by individual charges is not necessary but may be grouped together as totals by Index, PCA and Comptroller Object.);

- Forward the breakdown to the appropriate Fiscal Manager for payment.
- A 5.6% use tax will be added for all items for which an Arizona Privilege Tax (sales tax) was not charged, i.e. out-of-state or catalog sales.
 - All items (except labor for services) are taxable therefore, each purchase should have tax. (If the vendor did not charge Arizona tax rates, it is probably because the item was bought outside of Arizona but is still subject to a use tax).
 - The Program Manager shall check each item to see if Arizona tax was charged. If not, it's subject to a use tax and an appropriate log entry will be made.
 - At the end of the billing month and concurrent with the purchasing card summary, the Program Manager shall also forward to the Comptroller a separate report showing how much use tax to collect with the appropriate Index, PCA and Comp Object to charge.
- Within three (3) calendar days after receiving the Program Manager Monthly Statement from the bank, the Program Manager shall:
 - Obtain, review, approve and sign all cardholder monthly statements with the original cash register receipt(s) and charge tissue copy(ies) attached. While waiting for the cardholder monthly statements, the Program Manager must not delay forwarding the program manager monthly statement to the Fiscal Manager for payment.
 - Send the original cardholder monthly statements with tissues and cash register receipts to the Procurement Office, mail code DEMA/JP-D.
 - Assist the cardholder and the Procurement Office in resolving disputed items with the retailer. If unable to resolve the dispute with the vendor, the Program Manager will file an official dispute with issuing bank and provide a copy to the Procurement Office. Disputes will be handled as "Pay and Chase" (the invoice will be paid and refunds/credits will be applied at the time of resolution).

18.8 FISCAL MANAGER PROCEDURES

Within three (3) calendar days of receipt of the Program Manager Monthly Statement from the Program Manager, the Fiscal Manager will process the monthly invoice(s) for payment. Discrepancies in the breakdown of Index and PCA shall be addressed to the Program Manager within two (2) calendar days. If no response is obtained, the Fiscal Manager may process the monthly invoice for payment using other appropriate funds belonging to the Program Manager. The Program Manager must then be notified in order to allow adjustment to the budget as necessary.

18.9 YEAR END CLOSEOUT

In order to facilitate year end close out of financial records, purchasing cards will not be used after the last day of the billing cycle during the last month of the fiscal year. Purchases after the billing cycle date shall be done on emergency basis only through the normal requisition process. Use of the purchasing cards shall not recommence after the beginning of the fiscal year until the Fiscal Manager has received funding and has authorized expenditure of the funds. The Fiscal Manager will notify the Procurement Office and the Program Managers when purchases may begin.

19.0 CHANGES IN A PURCHASE ORDER OR CONTRACT

During the performance of the scope of work or delivery of a commodity covered under a contract and/or Purchase Order, it often becomes necessary to make changes in the specifications and/or contract price/amounts. ANY CHANGE INCREASING THE ORIGINAL AMOUNT OF THE PURCHASE ORDER AND/OR CONTRACT MUST BE BROUGHT TO THE IMMEDIATE ATTENTION OF THE PROCUREMENT MANAGER OR DEMA PROCUREMENT OFFICE REPRESENTATIVE.

In accordance with Rule R2-7-604 (Contract Change Orders and Amendments) of the State of Arizona Procurement Code, the DEMA Procurement Manager may extend or authorize options in a contract provided the price of the extension or option was evaluated under the contractor's original offer. Any contract change order or amendment not covered under the contractors original offer exceeding \$100,000 may be executed only if the State procurement administrator or, in the case of construction on State property, the Assistant Director of General Services, determines in writing that the change order or amendment is advantageous to the State and the price is determined to be fair and reasonable by one of the following methods:

- (1) The contract or modification is based on adequate price competition;
- (2) Price is supported by an established catalog or market prices;
- (3) Price is set by law or rule; or
- (4) Price is supported by relevant, historical price data.

A written determination must be prepared and then sent to the State procurement administrator or assistant director of general services for approval for any contract change order or amendment not covered under the contractors original offer exceeding \$100,000.

19.1 PROCUREMENT UTILIZING A BUYSPEED PURCHASE ORDER

19.1.1 Decrease in the Original Contract/Purchase Order Amount

Decrease(s) in the original contract/Purchase Order amount requires no further action unless the fund manager determines it is in the programs best interest to decrease the encumbrance. When an encumbrance needs to be decreased the procedure(s) for increasing a Purchase Order amount shall be followed.

19.1.2 Increase in the Original Contract/Purchase Order Amount

When an increase (\$50 or greater than the original P.O. amount) in the contract/Purchase Order amount is required, the originator shall send a written request for the change to the Procurement Office through the same approval path as the original requisition/Purchase Order. A completed and signed Purchase Change Order Request (Attachment 11) shall be forwarded to the Purchasing Manager for signature. The form must contain the following information:

- Purchase Order Number
- Change Order Request No.
- Last Change Order No.
- Contract No.
- Vendor/Contractor Name
- P.O. Description
- Justification
- Original Amount of the Purchase Order
- Amount(s) of previous Change Orders (if any)
- Amount of the Increase
- Total Amount of the Purchase Order as result of the change
- Valid signatures from the Requester, Budget Office and Program Manager

NOTE: The fact that a vendor/contractor has billed a different amount than indicated on the P.O. is not a sufficient reason to request an increase. **The requestor must thoroughly investigate what caused the change and determine if it is in the original scope of the contract.**

The signed Purchase Change Order Request from the Program Manager and Budget Office demonstrates the requested increase is within the scope of the funding authority and that adequate funds are available.

NOTE: Accounting will pay an invoice against a P.O. without a Purchase Change Order request as long as the invoice does not exceed the P.O. amount by \$50.

19.1.3 Process Time

The Purchasing Office will process the Change Order in approximately one (1) to three (3) days after receipt and will then distribute the revised Purchase Order in the same manner as the original Purchase Order. A hard copy of the signed Purchase Change Order Request will be attached to the original change order and filed in the Procurement office.

19.2 FORMAL CONTRACT CHANGE ORDERS/AMENDMENTS

19.2.1 Supply and Service Contracts

These types of contracts are awarded by the DEMA Procurement Office and include Custodial, Trash Collection, Security Guard Services, Food Service, Clothing, etc.

Any requested changes shall be provided in writing by the Program Manager to the Procurement Manager after funds are verified and/or available. The Procurement Manager/Office will request a modified proposal from the Contractor in accordance with the changes provided by the Program Manager and applicable procurement rules. When an agreement has been reached between the Contractor, Program Manager and Procurement Manager, the Procurement Office will initiate a Contract Amendment (DEMA Form 24, Attachment 7) and send it to the Contractor for signature. When the Amendment is executed by the Procurement Manager, the amendment will be sent to the same distribution list to which the original contract was sent. Funds must then be obligated to cover the change by the Program Manager by initiating a new requisition or requesting (via a Purchase Change Order request) that the current Purchase Order be modified to include the increase.

19.2.2 Construction Contracts

19.2.2.1 Construction Contracts which have an Architect for Title II Services shall use the appropriate AIA Change Order Document(s) (AIA G701 – Change Order). This/these document(s) shall be initiated and signed by the Architect and then signed by the Contractor and Procurement Manager after an agreement is reached with respect to the contract changes. Following execution of the Change Order, additional funds will need to be obligated to cover the change via a new requisition or completed Purchase Order/Requisition Modification Request (Attachment 11). NOTE: For construction projects, the Contractor's proposal must be broken down by labor, materials, rental equipment, overhead and profit.

Prior to initiation of a Change Order, the proposal shall be reviewed by the Architect/Engineer and the POR. The final proposal, with written recommendations of the A/E and the POR, shall be forwarded to the Procurement Office for actual change order preparation.

19.2.2.2 For changes to Construction Contracts which do not involve an Architect for Title II Services, a written Change Order, signed by the Contractor, sub-Contractor(s), the Owner, and further approved as necessary, is required when an increase or decrease in the Contract amount or change in the Contract completion date is anticipated. A

proposal letter accompanied by Contract Amendment form (DEMA Form 24 – Attachment 7) and Change Order Break Out form(s) (Attachment 17a and 17b) shall be completed.

In cases where the Contractor is requesting a change order, the POR shall direct the General Contractor and Subcontractor(s) to complete the Change Order Break Out form(s) (Attachment 17a and 17b). General Contractors are responsible for obtaining cost breakouts from all subcontractors and/or material suppliers. All cost breakouts, including those from subcontractors and/or material suppliers, shall be in compliance with the General Conditions of the Contract for Construction, AIA Document A201, 1997 edition with Arizona Modifications, number AZ-A201-1997, Section 7.2, “Change Orders. The POR shall review the forms from the Contractor/Subcontractor(s) and submit them to the Procurement Office for review and approval. The change order shall be finalized by the Procurement Manager on DEMA Form 24, Contract Amendment form (Attachment 7).

Under no circumstances will lump sum figures be accepted on breakouts by subcontractors which exceed \$1,000. Labor costs must be identified by hourly rate(s) and rental information must include the specific identification and size of each piece of equipment.

If an extension of the performance term/period of the Contract is required as a result of an individual Change Order, the General Contractor must include in his/her proposal the number of calendar days anticipated to accomplish the requirements of the Change Order. Extensions to the term of the Contract will not be granted after the fact on individual Change Orders. (Delays incurred as a result of a Force Majeure will be evaluated on a case-by case basis).

19.2.3 Architect/Engineer Contracts

Changes to Architect/Engineer contracts (where fees are less than \$50,000 and the project cost does not exceed \$500,000) shall be made on a Design Change Notice, (Attachment 8). This form must be signed by the A/E, Project Manager, Chief Engineer, ADOA and the Procurement Manager.

20.0 SMALL BUSINESS PROGRAMS

Small businesses form the foundation of the Arizona economy and are therefore encouraged to compete for all State contracts. Current Arizona statute and Executive Order require purchases by State agencies in amounts less than \$50,000 be made from small businesses, unless there is reasonable or compelling reason to buy from a large business. State agencies are also required to seek out new small business sources each time

they obtain purchase quotations. See Article 3, Part D of the Arizona Procurement Code for complete information.

A small business is defined as one with fewer than 100 employees or less than \$4.0 million in annual sales. Pursuant to Executive Order 2004-29, State agencies must request at least one quote from a minority-owned or woman-owned business for purchases of \$5,000 to \$50,000. Executive Order 2004-29 supersedes the previous Executive Orders and requires agency compliance and accountability.

Executive Order 2004-29 directs:

- When requesting quotes, agencies shall rotate the business invited to submit quotes and request at least one quote from a minority- or woman-owned business.
- Solicitations and Awards must be tracked and annual electronic reports submitted to the State Procurement Office.
- All Executive Branch agencies shall promote the use of small businesses and minority- and woman-owned businesses as subcontractors and suppliers.
- Executive Branch agencies shall review participation levels and seek to increase participation.

The Arizona State Procurement Office has developed a system to track and report quotations. All State agencies must use this system to report requests for quotations/contract awards. Currently, the report is due August 1st each year. For each transaction or Purchase Order issued, the responsible buyer must determine if the vendor falls under one of the following classifications and place the classification/code in the proper column of the Procurement Evaluation and Certification form:

Small Business African American = SBAA
Small Business Asian = SBA
Small Business Hispanic = SBH
Small Business Native American = SBNA
Small, Woman Owned Business = SWOB
Small, Woman Owned Business African American = SWOBAA
Small, Woman Owned Business Asian = SWOBA
Small, Woman Owned Business Hispanic = SWOBH
Small, Woman Owned Business Native American = SWOBNA
Small, Woman Owned Business Other = SWOBO
Small Business Other = SBO (Only to be used when no other classification fits appropriately)

The DEMA Procurement Office is responsible for entering each of the applicable purchases into the tracking/reporting system. The Procurement Compliance, Administration & Policy Office of the State Procurement Office (SPO) compiles agency reports and submits them to the Governor's Office by August 15 each year. **Purchases less than \$5,000 will not be recorded.**

21.0 MINORITY-OWNED AND WOMAN-OWNED BUSINESS PROGRAMS

All State agencies are constantly seeking diversity in the community of business partners, and minority-owned and woman-owned businesses are encouraged to compete for all State contracts. In accordance with Executive Order 2004-29, State agencies must seek at least one quote from a minority-owned or woman-owned enterprise for all purchases between \$5,000 to \$49,999.99.

To qualify as a Minority-Owned Business Enterprise (MBE), an ethnic minority must own at least 51% of the business. The owner(s) must have the day-to-day control of the firm and have experience and expertise in the firm's primary area of operation. The owner(s) must hold a proportionate share of the business capital, assets, profits and losses commensurate with their ownership interest.

To qualify as a Woman-Owned Business Enterprise (WBE), a woman must own at least 51% of the business. The owner(s) must have the day-to-day control of the firm and have experience and expertise in the firm's primary area of operation. The owner(s) must hold a proportionate share of the business capital, assets, profits and losses commensurate with their ownership interest.

There are several Arizona minority- and woman-owned business directories provided by local communities and business organizations. Direct links to these directories are provided on the Arizona State Procurement Office web page. DEMA is required to track and report compliance with the Executive Order to the Governor annually.

22.0 GOVERNMENT PROCUREMENT SET-ASIDE or 2636 PROGRAM

HB2502 amended A.R.S. 41-2636 of the Arizona Procurement Code and requires that State governmental units shall:

- Endeavor to set aside at least 1% of new purchases or contracts for products and services from State Set-Aside Providers; and
- Submit quarterly reports detailing purchases and contracts for products and services purchased from State Set-Aside Suppliers.

The verb "endeavor" means to expend effort to attain a goal or objective. The term "new purchases or contracts" is understood to mean all purchases not made from contracts that existed prior to August 25, 2004. The law requires that State governmental units expend a reasonable effort to purchase at least 1% of products and services from "set-aside" providers and that the State Set-Aside Committee monitor and report such purchases.

22.1 STATE SET-ASIDE SUPPLIERS

State Set-Aside Suppliers include enterprises referenced in A.R.S. §41-2636 and include:

- **Arizona Correctional Industries** – <http://www.aci.state.az.us>
ACI offers a variety of products and services produced by inmates, including textiles, graphic design, printing and office furniture.
- **Arizona Industries for the Blind** – <https://www.azdes.gov/aib/>
AIB provides pens and pencils through the State office supply contract and other products and services.
- **Certified non-profit agency for disabled individuals**
Certified non-profit agencies serve disabled individuals with vocational training and provide various services, including printing, custodial, grounds and paper shredding and recycling services and recycled products like printer, copier and fax cartridges.

22.2 PRODUCTS AND SERVICES AVAILABLE FROM STATE SET-ASIDE SUPPLIERS

A wide variety of products and services are available from State Set-Aside Suppliers. These products and services are described on the respective supplier web catalogs that are linked to the State Procurement Office website.

There are two categories of products and services available from State Set-Aside Suppliers. Many items are designated for mandatory State contracts, based on an extensive quality and price analysis. These mandatory set-aside products and services are listed in SPIRIT with other State contract products and services. State Set-Aside Suppliers offer many other products and services that are not on mandatory State contract. These items also qualify as State Set-Aside purchases and may be purchased at the discretion of the government unit.

22.3 PROCESS FOR BUYING FROM STATE SET-ASIDE SUPPLIERS

Each set-aside supplier operates as a business with sales catalogs, representatives, showrooms and warehouses. Purchases may be made using the State purchasing card, Purchase Orders and contracts. Certain products and services are designated for mandatory use through State contracts. Pens and pencils are provided by the State office supply contractor as a pass-through purchase.

While many products are identified in catalogs, services and custom manufactured items may not be listed. For example, some of the certified non-profits offer custodial services. In order to negotiate a contract, it will be necessary to prepare specifications, request a proposal from the certified non-profit and negotiate a contract.

For more information, visit the Arizona State Procurement Office's web page at <http://www.azdoa.gov/spo>.

22.4 PURCHASING PROCESS WHEN BUYING FROM SET-ASIDE SUPPLIERS

Competition is not required when buying from State Set-Aside Suppliers. A.R.S. §41-2636(D) permits direct purchase from set-aside suppliers “without competitive bidding”, if the products or services meet the reasonable requirements of the program. Although competitive bidding is not required, it is a good idea to verify that the price is fair and reasonable, especially before making large purchases or signing contracts.

Purchases orders and contracts initiated under A.R.S. §41-2636(D) shall contain all relevant/required contractual information, (i.e., uniform terms and conditions, special terms and conditions, scopes of work and/or specifications, insurance requirements, products, materials, and/or services covered, delivery schedules, firm fixed pricing (Purchase Order terms and conditions may be sufficient for small dollar purchases)) Any price analysis/determinations performed and shall cite A.R.S. §41-2636 as the authorizing statute.

Purchasing cards may be used as a method of making payments for 2636 program purchases.

22.5 REPORTING STATE SET-ASIDE SUPPLIER PURCHASES

It is not necessary for government units to report set-aside purchases. State Set-Aside Suppliers and subcontractors will report on sales to agencies to the State Set-Aside Committee and these reports will be verified through AFIS.

23.0 FORMAL COMPETITIVE PROCEDURES

The formal competitive process utilizes Invitations for Bids (IFB) and variations of Requests for Proposals (RFP) to purchase goods and/or services that are anticipated to cost more than \$50,000. When either of these procedures is used, all registered vendors under SPIRIT for the commodity or service are notified via a letter which identifies the solicitation.

NOTE: For Military Construction and A/E contracts, according to the ARMY NATIONAL GUARD MILITARY CONSTRUCTION PROGRAM EXECUTION, “until States have NGB-ARI (National Guard Bureau, Army Installations Division), approval, they should not bid MCNG (Military Construction National Guard) Architect-Engineering (A-E) or construction contracts, **unless they bid them subject to the availability of funds**. Nor should the States direct a contractor to execute a contract modification without receiving prior NGB-ARI approval, unless the modification does not involve Federal funds. Failure to get NGB-ARI approval for bidding contracts or executing contract modifications subjects the State to financial liability (i.e., absorbing the costs without receiving Federal reimbursement under the Military Construction Cooperative Agreement). In the case of projects with a Federal construction agent, proceeding without NGB-ARI approval opens the contracting officer to an Anti-Deficiency statute violation, because contract modification approval is neither perfunctory nor automatic.”

23.1 INVITATION FOR BID (IFB)

An Invitation for Bid is used for purchasing commodities or services expected to cost more than \$50,000. Price is the only basis for the contract award. By law, the State must award contracts to the lowest responsible, responsive bidder under the Invitation for Bid process. Generally, the lowest responsive, responsible bidder meets the following criteria:

- Fully meets the specifications;
- Has the capacity and is qualified to perform the contract;
- Conforms to all terms and conditions of the IFB;
- Completes and provides all applicable pricing information on the price sheet;
- Offers the lowest price;
- Provides an original signature on the Offer and Acceptance Form;
- Provides the Bid in a sealed envelope, with the Bid number identified;
- Submits the Bid by the due date and time specified;
- Submits the information or documents required with the Bid.

Competitive sealed bidding may not be practicable or advantageous if it is necessary to:

- (1) Use a contract other than a fixed-price type; or
- (2) Conduct oral or written discussions with offerors concerning technical and price aspects of their proposals; or
- (3) Afford offerors an opportunity to revise their proposals; or
- (4) Compare different price(s), quality(ies), and contractual factors of the proposals; or
- (5) Award a contract in which price will not be the determining factor.

23.2 REQUEST FOR PROPOSAL (RFP)

A Request for Proposal is used when the intent is to award a contract to a responsible vendor whose proposal is determined to be the most advantageous to the State by taking into consideration all the evaluation factors stated in the Request For Proposal.

Additionally, Requests for Proposal are used when qualifications, performance levels, level of expertise, quality of services or product performance are more important than the cost of the service(s) or product(s). The RFP process is also frequently called a best value procurement or competitive negotiation. When using an RFP to establish a competitive procurement, negotiations and modification of the original proposal may occur.

The contract award is made to the responsive and responsible proposal whose proposal has been determined to be the most advantageous (taking into consideration only the evaluation factors set forth in the request for proposals). No other factors or criteria may be used. The amount of any applicable transaction privilege or use taxes

of political subdivisions can not be a factor in determining the most advantageous proposal. This circumstance occurs most frequently when a competing company is located outside of Arizona and, therefore, is not subject to the same transaction privilege or use taxes. The contract file must contain the basis on which the award is made.

As provided in the request for proposals, discussions may be conducted with responsible offerors who submit proposals and have determined to be reasonably susceptible to being selected for award. Discussions may be used for the purpose of clarification to assure full understanding of, and responsiveness to, the solicitation requirements. All offerors shall be treated fairly and given the opportunity to discuss and/or revise their proposals if determined to be in the best interest of the State. Any such revision can only be permitted after the original submission and before the contract award for the purpose of obtaining a best and final offer. In conducting discussions, no disclosure of information derived from the proposing vendor(s) is permitted.

23.3 PUBLIC REVIEW OF BIDS AND PROPOSALS

Formal Sealed Bids and Sealed Proposals are considered public information and as such, are open for review pursuant to Arizona Revised Statute and the Arizona Procurement Code.

23.3.1 Formal Sealed Bids

Formal sealed bids are opened publicly and the name of the bidder, amount of the bid and other related information deemed relevant by the buyer is announced and recorded. This record shall be open to public inspection. The actual bid documents and related materials shall not be open to public review until after contract award.

23.3.2 Formal Sealed Proposals

Formal Sealed Proposals are opened publicly with only the names of the proposers announced and recorded. All other information, including pricing, is not open to the public for review until after the contract is awarded.

23.4 PROPRIETARY INFORMATION

Certain information relative to the procurement process can be deemed proprietary in nature and not open for public review. This proprietary information must be clearly marked as such by the bidder/proposer and if possible, submitted in a separate sealed envelope. This information will be considered proprietary and not open to public review, unless deemed otherwise by the Purchasing Manager. The final decision as to whether this information is proprietary lies with the Purchasing Manager.

23.5 REVIEW OF BIDS OR PROPOSALS

Requests for information or review of the bid documents must be made to the Purchasing Manager or designee. An appointment to review the file shall be made with the Purchasing Manager or buyer at a mutually convenient and reasonable time. The reviewer is not permitted to take possession of any of the documents in the file and all proprietary information shall be removed from the file prior to the review.

24.0 PROMPT PAYMENT

In accordance with A.R.S. §35-342, “Any agency which purchases or procures goods and services from a nongovernmental entity on account shall pay the account in full within thirty days after receipt of goods or services and correct notice of amount due in writing to the agency or shall pay interest on the outstanding balance....”

State contractors are entitled to prompt payment for services/products provided and may be entitled to interest for late payment. State agencies are required to pay for goods and services within thirty (30) days (or sooner depending on contract terms) following satisfactory receipt of goods and services and invoice.

Progress Payments to construction contractors shall be paid within fourteen (14) days after verification and certification of the work. The general contractor shall pay subcontractors and suppliers within seven (7) days after receiving payment from the State.

25.0 PROCUREMENT OFFICER’S REPRESENTATIVE (POR)

Periodically, the Procurement Officer may designate in writing personnel from the requiring activity/agency as a Procurement Officer Representative (POR) for a specific contract. Such designation shall be by name, position title and clearly delineate the scope and limitation of the POR’s authority. The POR shall in no case exceed their delegated authority, nor conduct negotiations with the contracted vendor that will affect price or contract terms.

POR’s are responsible for fully understanding all contractual terms and conditions, the scope of work, and limitations placed on each of their delegated authority.

25.1 POR DUTIES

The POR shall:

- Function as the “eyes and ears” of the Procurement Manager or Procurement Officer and monitor the technical performance of the contracted vendor.
- On a timely basis, report potential or actual contractual performance issues to the Procurement Manager or Procurement Officer and inform the contracted vendor of failures to comply with the terms of the contract. Daily, weekly or monthly meetings between the POR and the Procurement Office may be required.

- When applicable, develop a cost effective contract administration budget/plan.
- Coordinate job site logistical requirements to allow the contracted vendor to effectively perform its contractual duties.
- Work in close cooperation with the Procurement Manager and Purchasing Office to effectively negotiate proposal/contract addenda/changes and claims filed.
- Maintain adequate file records to include: Contract Milestones, Addenda, Correspondence, Inspections, Memos, Invoices/Vouchers Log, Invoice/Voucher Copies, POR Delegation Letter, Trip Reports.
- Perform final acceptance and testing of all work performed by the contracted vendors.
- Defer to the Purchasing Office any activity in reference to awarding, modifying, making additional commitments or increasing the scope of work or dollar value of a contract to include Start or Stop Work Orders.
- Monitor contractor performance in accordance with contractual requirements. When determining compliance to contract requirements, the POR may decide only questions of fact with regard to quality and acceptability of provided services or materials delivered.
- In no case will a POR have the authority to authorize the sale or disposition of property, contract change orders, and/or the use of subcontractors or consultants in the performance of a contracted vendors duties.

The POR shall not:

- Enter into supplemental agreements for services or materials not clearly defined in the contract.
- Issue changes, change orders, or suspensions.
- Interpret the contract to add or delete requirements that are not specifically identified and priced in the contract;
- Modify any terms of the contract;
- Terminate the contract or issue demands for assurance/performance; or
- Commit the State in any matter, except as authorized within the contractual documents.

25.2 POR RESOURCES

- The designated POR may utilize all available resources required to perform their contract administration duties, such as:
- Accessing or obtaining copies of all assigned contracts (inclusive of any and all changes and amendments issued by the Contract Officer).
- Attending contract “Post Award” meetings and periodic performance review meetings with the contractor(s);
- Scheduling progress meetings with the assigned Contract Officer to review contract requirements; or
- Attending purchasing related training classes available through the Arizona State Procurement Office or the DEMA Procurement Office (State).

25.3 VOUCHER/PAYMENT PROCESSING

Although recommendation for payment and approval is normally obtained by the Procurement Office from the POR, the authority to approve or disapprove the payment is held by the Procurement Manager.

In all cases, the POR is responsible for reviewing the invoices/vouchers and certifying the work performed and payment requested is in accordance with the contract requirements. See Article 27 of this directive, PAY APPLICATIONS PROCESSING FOR CONSTRUCTION CONTRACTS WITHIN THE PROCUREMENT OFFICE (STATE), for the proper procedures to follow by the POR.

26.0 OFF-CONTRACT PURCHASE AUTHORIZATION

A.R.S. §41-2501, A.A.C. R2-7-A301 requires State governmental units to use Arizona State contracts to satisfy their needs. Buyers cannot seek substitutes for State contract products, services or contractors, unless authorized by the Procurement Office for DEMA or State Procurement Office for the Department of Administration.

If the governmental unit believes that the existing Arizona State contract can not satisfy their need, prior off-contract purchase approval must be requested in writing through the DEMA Purchasing Manager.

State contract products and services meet most, but not every reasonable requirement. If a product or service is not available under contract and is not identical or similar to a product or service that is on State contract, the purchase of the product may be made from a reasonable source, in accordance with State of Arizona procurement laws. If there is a

product or service on State contract that is identical or similar to what is required, the purchase should be made from the contract vendor or authorization from the DEMA Procurement Manager shall be obtained prior to purchasing from another source. Off-contract authorization requests shall be prepared by the authorized DEMA representative on an AzSPO Form SP-150 (Attachment 12) or equivalent. Overall, there are few “rules of thumb” to assist in making a decision. Generally, if the State contract product or service shares the same noun, the purchase must be made under the contract or an off-contract authorization approval must be obtained. Where it is obvious and clearly evident that the product or service is not similar, approval is not required. Cost is usually not a sole basis for off-contract authorization as the product or service may not be of the same quality, features, or same level of service as provided under the contract. Purchases of less than the contract minimum or immediate need field purchases do not require off-contract authorization approval. In dealing with off-contract authorizations, if there is any doubt, it is strongly encouraged that the DEMA Procurement Manager be contacted prior to the purchase.

27.0 PAY APPLICATIONS PROCESSING FOR CONSTRUCTION CONTRACTS WITHIN THE PROCUREMENT OFFICE (STATE)

This procedure shall apply for all DEMA construction and AE contracts with the following designation(s):

- M-NUMBERS (IFB’S, RFP’S ETC., i.e. Contracts in Excess of \$50,000) or
 - Q-NUMBERS (RFQ’S, i.e. Construction Purchase Orders from \$5,000 to \$50,000).
1. After the Procurement Officer Representative (POR) receives copy of the correct invoice or pay application from the Contractor, the POR shall write a letter/memo authorizing payment of attached invoice/pay application. (See example – Attachment 13).

NOTE: Progress payments (with a ten percent (10%) retainage) are allowed at the end of each calendar month. If, at the fifty percent (50%) stage of construction, the Contractor wishes to invoke paragraph 9.5.1.6 of the General Conditions of the Contract for Construction, as modified, a written request must be issued to and approved by the Owner prior to submission of subsequent pay requests.

Requests for progress payments shall be made on AIA Form G-702 or equivalent, however, an on-site meeting must be held between the Contractor, POR, and the A&E firm to determine the actual progress of the work and amount of materials stored at the site.

Once the dollar amount for the progress payment has been determined, the Contractor shall forward one (1) original of their completed AIA Form G-702 (or equivalent) to the A&E firm which will then issue the Certificate for Payment to the Owner. The Certificate shall be delivered by the A&E firm to

the POR. The POR shall certify and approve the request for progress payment and forward the request to the DEMA Procurement Office. For the purpose of progress payments made under A.R.S. §41-2577, the certified and approved estimate of work is not deemed received by the Owner until the Certificate for Payment is actually received by the DEMA Procurement Office. The DEMA Procurement Office shall then forward the pay request to the DEMA Comptroller. The progress payment is deemed paid when the warrant is issued by the DEMA Comptroller.

Final payment for construction projects requires the following AIA documents:

Provided by Contractor:

- | | |
|---|-----------|
| a. Certificate of Substantial Completion | AIA G704 |
| b. Final Application & Certificate for Payment
(Or final release of securities in lieu of retention) | AIA G702 |
| c. Affidavit - Payment of Debts & Claims | AIA G706 |
| d. Affidavit – Release of Lien | AIA G706A |
| e. Consent of Surety | AIA G707 |

Provided by A&E Firm:

- | | |
|--|-------|
| f. Architect's statement of project completion | GS100 |
|--|-------|

2. The POR will then give the signed and approved letter/memo authorizing payment to the Budget Office for Facilities Management. The Budget Office for Facilities Management will verify funds are available and then approve and record the application. The complete Pay Application package shall then be delivered by the Budget Office to the responsible Contracting Officer at the Procurement Office (State).

NOTE: At this stage, the POR is responsible for completing either a partial or final receiving report (receiver) for the Purchase Order and giving the original documents to the Budget Office for Facilities Management.

3. The Contracting Officer for the Procurement Office (State) shall then review and record/track the payments(s) and then determine when and/or if, contract close out documents are required. The complete Pay Application file shall then be sent by the Contracting Officer to the Procurement Manager who will then approve/deny the Application and return the file to the Contracting Officer.
4. The Procurement Office (State)/Contracting Officer shall then bring the approved document/file to Accounting to process and obtain a stamped received copy from Accounting of the approved letter/memo from the POR. The stamped copy shall be filed by the Contracting Officer in the Purchasing Office (State).

28.0 INTERAGENCY SERVICE AGREEMENTS

In accordance with A.R.S. §35-148, “Interagency Service Agreements (ISA’s) entered into between budget units may provide for reimbursement for services performed or advancement of funds for services to be performed.”

The Purchasing Office (State) is responsible for preparing all ISA’s and ensuring they are written in accordance with all applicable laws. The requesting DEMA program shall provide reasonable assistance with the technical scope of work contained within the ISA, and the Procurement Office (State) is responsible for all legal, contractual and other aspects in order to properly process and get the ISA “approved”.

29.0 ETHICAL STANDARDS

As defined by the American Heritage Dictionary, ethics are: “the rules or standards governing the conduct of the members of a profession” and “the general nature of morals and of the specific moral choice to be made by the individual in his relationship with others.”

The Procurement Office of DEMA, and the State in general, endorse and practice ethical procurement policies. It is the purpose of this section to provide a basic discussion, interpretation and guidance for consistency.

29.1 In the public procurement environment all State employees are confronted by the issues of ethics. For this discussion, ethics is our personal, moral or professional code of conduct. While each occurrence is situational, there are specific policies that the Arizona State Procurement Office has determined to be the “best practices” and should be followed. This policy is offered as a general guideline to deal with various aspects of ethical behavior.

It is the policy of the State to maintain the highest ethical standards consistent with professional public procurement, best practices and zero tolerance for unethical behavior. Additionally, ethical practices are paramount to fostering an environment of a fair, equitable, open and completely transparent procurement process. The ultimate goal is to increase competition, thus insuring the “best value” procurement for the State.

A “Gratuity” means a payment, loan, subscription, advance, and deposit of money, service or a promise of such, given in return for a favor or in expectation of a favor. A gratuity may include any tangible and intangible benefit in the nature of gifts, favors, entertainment or discounts and kickbacks. Also included are passes, transportation, accommodations, hospitality, or offers of employment in connection with any decision, approval, disapproval, recommendation, influence, investigating, auditing, rendering advice, request for ruling, determination or claim. Gratuity by definition asserts that there is an implied obligation of further favorable action on the part of the person who receives a gratuity. The concept of ethics and ethical behavior

is difficult to define because it is predicated on individual interpretation of conduct, values, or codes. Trust, respect, fairness, integrity and credibility are values that we expect of any business relationship.

29.2 GUIDELINES

While there are a numerous situations and possible methods of dealing with them, recommended guidelines include:

- Avoid the intent and appearance of an unethical or compromising practice in relationships, actions and communications.
- Never solicit or accept (gratuities) money, loans, credits, or discounts, gifts, entertainment, favors, or services from present or potential suppliers which might influence, or appear to influence purchasing decisions.
- Promote positive supplier relationships through impartiality in all phases of the purchasing cycle. Display the highest ideals and integrity in all relationships in order to merit respect and confidence in the State procurement process.
- State employees are prohibited from accepting gifts, meals, trips or anything of value from a vendor, even though the intent of such a gesture may be honorable or a customary practice. All State employees and its vendors, including their officers, employees and representatives, are subject to the appropriate civil and criminal State and federal statutes related to conflict of interest, bribery, and similar offenses.
- Promote positive supplier relationships through courtesy and impartiality in all phases of the purchasing cycle.
- Know and obey the letter, intent and spirit of laws governing the purchasing function and remain alert to the legal ramification of not following these laws.
- Encourage that all segments of business have the opportunity to participate by demonstrating support for small, disadvantaged and minority-owned companies.
- Enhance the proficiency and statue of the purchasing profession by acquiring and maintaining current technical knowledge and the highest standards of ethical behavior.

All State employees are required to conduct themselves in an ethical manner and immediately report a conflict of interest or ethical violation related to the purchase of goods and/or services to the DEMA Procurement Manager.

There are some basic questions to ask yourself to help maintain the highest ethical standards:

- Would this action damage a long-term business relationship?
- Does this action damage anyone's reputation?
- How would this action look to my manager, other employees, my family?
- How would I feel if my actions were reported in the media?
- Would I feel I was treated fairly and ethically if the situation was reversed?

29.3 RELATED TOPICS IN SITUATIONAL ETHICS

The following questions and answers are intended to address specific circumstances where there is often uncertainty as to the appropriate response. These responses are given as a general "rule of thumb" in dealing with an issue. A policy of not accepting any ("zero tolerance") gratuities should be used. Fostering a situational environment of accepting gratuities is potentially troublesome.

Q: When attending a conference or a vendor's products show, is it appropriate for State employees to accept promotional items (e.g., key chains, pens, etc.)?

A: The State endorses a policy of zero tolerance towards the acceptance of these items.

Q: A vendor has dropped off a platter of cookies at the receptionist's desk. Can we accept the cookies and place it in the common break room for everyone to enjoy?

A: The best practice is to call the vendor and explain to them that your agency has a "zero tolerance" policy towards the acceptance of gifts. Ask them for disposition instructions of the materials. If the donor is truly unknown the materials may be taken to the break room for general consumption. Better yet – donate them to a charity.

Q: A group of vendors have invited me to lunch to discuss upcoming solicitations. Who pays for my meal?

A: The best practice is not to conduct business over lunch. If the situation makes it necessary to do so, be sure that you pay for your own meal. Employees must always be cognizant of the perceptions generated by our actions. Remember, whether or not actual intent to influence was present, the appearance or perception by others of unethical influences may still exist.

Q: Last week an incumbent vendor dropped by our office and passed out coffee cups, sun visors and calendars engraved with their company logo. It just so happens that a solicitation for a new contract for these services is pending. Should I keep it?

A: The best practice is not to accept the materials. Potential vendors who visit your job site may take exception if the materials are being displayed. They may conclude that the incumbent vendor is a "shoo-in" for re-award.

Q: As part of the solicitation evaluation process, I have to attend a demonstration at the vendor's facility. If offered coffee or juice, may I accept it?

A: Yes, you may just as we would offer the same to the vendor. This is a situation where one needs to develop a relationship with the vending community while staying within ethical bounds. Vendor catered lunches should not be accepted.

29.4 STATEMENT OF PROCUREMENT CONDUCT AND VALUES

Any person employed by the State of Arizona who purchases goods and services, or is involved in the purchasing process, for the State, shall be bound by this code and:

- Never solicit or accept money, loans, credits or prejudicial discounts, and avoid the acceptance of gifts, entertainment, favors, or services from present or potential suppliers which might influence, or appear to influence purchasing decisions.
- Promote positive supplier relationships by providing an environment where all business concerns, large and small, majority or minority owned is afforded an equal opportunity to compete for State of Arizona business.
- Conduct all purchasing activities in accordance with the laws, while remaining alert to, and advising management regarding the legal ramifications of the purchasing decisions.
- Display the highest ideals of honor and integrity in all public and personal relationships in order to merit the respect and inspire opportunity by strict avoidance in the intent and appearance of unethical or compromising practice in relationships, actions and communications.
- Demonstrate loyalty to the State of Arizona and employing agency by diligently following all the lawful instructions while using professional judgment, reasonable care, and exercising only the authority granted.
- Enhance the proficiency and professional status of procurement by seeking further educational endeavors.
- Refrain from any private or professional activity that would create a conflict between personal interests and the interest of the State of Arizona with an un-abiding consideration for the role of perceptions.
- Constantly strive for the highest standards of ethical behavior: trust, respect, fairness, integrity and credibility.

30.0 GENERAL SERVICE ADMINISTRATION (GSA) CONTRACTS

The United States Government's General Services Administration (GSA) maintains a large list of multiple award purchasing schedules. Contractors are selected for GSA Multiple

Award Schedules through an open and continuous qualification process instead of competitive bids or proposals. GSA “users” are required seek competition from multiple GSA contractors at the point of sale by obtaining quotations from GSA awarded vendors/contractors. GSA requires most favored customer pricing, which provides state and local governments with a price advantage based on federal purchasing economies of scale. There is a surcharge associated with GSA purchases. It is called the Industry Funding Fee (IFF).

Section 211 of the E-Government Act of 2002 opened GSA Schedule 70 Contracts (Information Technology and Telecommunications Hardware, Software and Professional Services) for state and local government use (www.gsa.gov). Likewise, the 1122 Program permits use of GSA contracts for state and local government law enforcement and security purchases. Neither acceptance nor use is automatic, and separate contracting arrangements between a state and the vendor are often required. GSA contracts are based on price ceilings and contractors will often offer further discounts for larger aggregated buys. Not all states permit the use of Schedule 70; however, many states use the GSA pricing as benchmarks in their own negotiations with vendors. Some states cannot use GSA contracts and some choose not to even though they may have statutory authority to do so.

A.R.S. §41-2558, (General Services Administration Contracts) permits purchases through General Services Administration Supply Schedules by State of Arizona agencies. Likewise, the Federal Acquisition Streamlining Act (FASA) permits state and local government use of GSA Supply schedules. This section covers applicable policy and procedures relating to the use of GSA Supply Schedules.

30.1 OVERVIEW

Although GSA Schedules may provide an efficient and convenient method for purchasing products and services, these procurement vehicles are NOT an alternative for the use of sound procurement practices. GSA Schedules are one of a multitude of procurement tools available for participating agencies under the Arizona Procurement Code. It is therefore the responsibility the Purchasing Office (State), in conjunction with the requestor, to determine which procurement tool is most appropriate under each circumstance.

In determining if a GSA Schedule should be used, the following minimum factors must be considered:

- **Best Value**, to include acquisition price, freight charges and other life cycle costs). GSA requires most favored customer status, however, agencies can often obtain better pricing through competition and negotiation. When considering GSA products, the purchaser must compare prices with other alternatives and suppliers.

- **Favorable Product and Service Considerations**, to include Delivery, FOB Terms, Installation and Business Requirements. Consider all factors that weigh on the procurement decision and compare multiple products or services.
- **Contract Terms and Conditions**. The State of Arizona often requires different terms and conditions be included in contracts — e.g. choice of law, warranty considerations, insurance requirements, record retention, FOB, etc. — which GSA contractors may not be willing to meet.
- **Competition and Small Business, Minority, and Woman Owned Business Procurement Objectives**. Although many GSA contractors are also small businesses and/or minority owned, that is not always the case.

30.2 GSA PURCHASE MINIMUM REQUIREMENTS

In order to purchase a product/service covered under a GSA schedule, the following minimum criteria should be adhered to:

- (1) The required material and/or services are not available under an existing VIP (Value in Procurement), Statewide, or DEMA contract.
- (2) Unless the GSA Contractor is a small business, for purchases of \$50,000 or less, a written determination shall be made that the required material/service is either not available or impracticable to purchase from a small business.
- (3) A written determination shall be made that the required material/service is either not available or impracticable to purchase from a State of Arizona 2636 Procurement Program Provider (A.R.S. §41-2558 (Procurement from Arizona Industries for the Blind, certified nonprofit agencies for disabled individuals and Arizona correctional industries)).
- (4) The GSA Contractor must offer GSA pricing, or less, for GSA products or services.
- (5) Is the price offered under the GSA schedule fair and reasonable? Would a better price be obtained if a formal RFQ, RFP or IFB was released by the Purchasing Office (State)?
- (6) Do the contract terms and conditions conform to State of Arizona laws and procurement policies? Are the key terms of the contract favorable? i.e. delivery terms, costs, installation, service warranty(ies), etc.

30.3 COMPETITIVE GUIDELINES

1. GSA Purchases Less than \$5,000
 - Fair and reasonable competition will be obtained (as time permits).
2. GSA Purchases Greater than \$5,000
 - At least three (3) written quotations will be obtained from GSA contractors offering the same or similar services (if available).
 - In accordance with A.R.S §41-2558 of the Arizona Procurement Code and, prior to any P.O. being issued against the terms of a GSA schedule, a written determination must be prepared and signed/approved by the DEMA Procurement Manager documenting the following:
 - Name of the GSA contractor;
 - Procurement description;
 - A determination that the GSA contract or schedule is cost effective and in the best interest of the State;
 - A determination the price offered is equal to or less than the contractor's current GSA price (Analysis of the price, quality, and other relevant factors offered);
 - The price offered is fair and reasonable;
 - The GSA contractor is willing to offer GSA pricing and terms to the State;
 - Comparable products or services are not available under a State or agency contract;
 - Comparable products or services are not restricted under a set-aside contract; and
 - The GSA contractor accepts required State contract terms and conditions.

31.0 COMPLAINTS AGAINST VENDORS, ADJUSTMENTS AND NEGOTIATIONS

This procedure is to be used for complaints against vendors providing commodities, equipment or service to the Department of Emergency and Military Affairs. Through the Arizona Procurement Code, vendors/contractors are selected for their ability to serve the needs of the State of Arizona economically and efficiently. Suppliers are both an extension of the State and its access to future technology, manufacturing and other essential capabilities. Thus, sound supplier management is imperative to DEMA's success. When contractors do not perform satisfactorily, the respective DEMA Program is therefore responsible for notifying the Procurement Office (State) in writing using a Vendor Performance Report. A Vendor Performance Report (Vendor Complaint Form) should be used under any of the following circumstances:

- Late delivery(ies).
- Unauthorized substitution(s).
- Poor quality/workmanship.
- Failure to return/respond to a letter or phone call.
- Poor service.
- Failure to respond promptly to service calls.
- Incorrect invoices.
- Failure to meet specifications.
- Failure to identify shipments.
- Shipment made collect.
- Cancellation due to inability to comply with bid/proposal.
- Failure to furnish price list or catalog.
- Failure/slow replacement of damaged goods.
- Repair parts not available.
- Unacceptable overshipment.
- Failure to provide warranty.
- Shipment of used or shopworn goods.
- Shortage(s) in delivery.
- Grave, false or misleading information.
- Other.

The responsibility of the Procurement Office (State) is not completed when a Purchase Order has been issued. Effective contract administration continues until the vendor has fully performed the terms of the contract, delivered all the item(s) required and/or performed the service(s), final payment is made and all warranties or opportunities for recourse against the vendor have past.

Once the completed Vendor Performance Report is returned to the Procurement Office (State), the complaint and documentation received will be reviewed. Internally, the document should be immediately forwarded to the Procurement Manager. The Procurement Manager will either take appropriate corrective action with the vendor to resolve the problem or assign it to the responsible Procurement Office (State) representative to work on. Each buyer must report any unresolved request for vendor action exceeding 30 calendar days from initiation of the Vendor Performance Report to the Procurement Manager for further guidance and/or action to be taken by the buyer.

Based on the circumstances of the complaint and the deficient contractor performance documented, the DEMA Procurement Office (State) will address the performance deficiency, properly document it, and ultimately meet with the vendor to help correct or improve future performance.

All vendor performance must be consistent with the terms and conditions specified in their contract and/or Purchase Order issued by the State. Therefore, the State may terminate any contractual agreement due to persistent poor performance or non-performance.

31.1 MONITORING OF SERVICES

The requisitioning program must thoroughly monitor all vendor performance against the terms of the contract. Any performance inadequacies must be thoroughly documented and a Vendor Performance Report filed with Purchasing and Contracting Office.

NOTE: In accordance with Arizona Revised Statutes and The Freedom of Information Act 5 U.S.C. §552, as amended by Public Law No. 104-231, 110 Stat. 3048., the completed vendor performance report submitted to the DEMA Purchasing and Contracting Office is considered public information. Therefore, the comments made on this form are subject to review by anyone requesting to see it. Therefore, only use specific examples of non-complying performance. **Do not use inflammatory language.**

32.0 PURCHASES MADE WITH GRANT FUNDING

Purchases made with grant funding will follow all applicable guidelines as outlined in the granting agency's letter of award. For federal grants this may include, but is not limited to following the guidelines as detailed in the OMB Circular A-110 and any other applicable rules or laws outlined in A.R.S and the State of Arizona's Procurement Code.

The responsibility for advising the Purchasing Department of any grant-related purchasing restrictions or requirements shall remain with the requesting department and grant awardee.

33.0 EMPLOYEES AS VENDORS

The use of DEMA/State employees to provide goods and/or services outside of their normal assigned duty/job function is strongly discouraged. Only in cases in which it is proven that the employee is able to provide the goods or service at a lower cost will the purchase be made. ANY purchases from an employee must show evidence of competition and be approved in advance by the Purchasing Manager. This includes purchases made via the State of Arizona credit card being used at the time.

34.0 LEGAL COUNSEL SUPPORT

The Procurement Office (State) and DEMA personnel with delegated procurement authority are responsible for ensuring DEMA complies with a wide array of legal and regulatory requirements relating to the acquisition of goods, services and construction. Anti-trust laws differ from state to state and are designed to ensure open, competitive markets and prohibit agreements that unreasonably restrict competition. As it engages with the supply base, the Procurement Office (State) must ensure any issues related to restraint of trade, improper reciprocal agreements and/or violations of any federal or state requirements are avoided. Given the complexity of these subjects, all employees engaged in the purchasing of goods and services must know when to ask for the assistance of the

Procurement Office (State) and the Arizona Office of the Attorney General. Such issues include, but are not limited to, the following:

- Purchases and licenses of technology and/or intellectual property, including computer software.
- Development agreements with intellectual property ownership concerns.
- Labor disputes that may affect State employees, State property or critical purchases.
- Substantive threats of litigation.
- Breaches of contract which could reasonably be viewed as substantive.
- Commitments which obligate the State to indemnify, hold the supplier harmless, or to otherwise assume any liability of the supplier or limit such liability.
- Commitments which release the supplier from liability.
- Agreements which consent to an assignment.
- All purchasing commitments utilizing a supplier form or contract.

The DEMA Procurement Manager shall review the issues noted above to determine whether the Attorney Generals Office involvement is warranted prior to requesting a formal legal review and approval as to form of the contract, commitment, or agreement.

IFB's, RFP's, RFQ's and contracts or agreements that utilize the current State of Arizona's standard terms and conditions and the Procurement Office's (State) bid/Request for Proposal/Request for Quotation templates **DO NOT** require the Attorney Generals office review and/or approval as to form.

35.0 PURCHASING POLICY REQUEST FOR EXEMPTIONS OR EXCEPTIONS

This policy describes the process for requesting a new purchasing policy, changing a purchasing policy or waiving an existing purchasing policy and will serve as a control point for consistent and integrated purchasing policies across the Arizona Department of Emergency and Military Affairs (DEMA).

Requests for waivers, exceptions, or changes to purchasing policies or forms may be submitted to the DEMA Procurement Manager. The Procurement Manager will acknowledge receipt of the request and provide a preliminary response including as estimated time frame for a final decision on approval or disapproval. Additionally, the Purchasing Manager will determine if a review is needed/necessary by the State Procurement Office/Administrator, The Adjutant General, Joint Programs Director, or Attorney General prior to any disposition. Final disposition (approval/disapproval) will be made by the Purchasing Manager, in accordance with A.R.S., with the concurrence of The Adjutant General and/or Joint Programs Director.

All requests must include the following:

- A brief statement of the policy or form and/or business issue(s) involved.
- An indication as to the inadequacy or inappropriateness of the existing policy(ies) or forms.
- Timeframe for the proposed new or revised policy statement or form.
- Any relevant references to other policies, procedures or forms.
- Requestors name, department, phone number and date.

36.0 FEDERAL FISCAL LAW

The United States Constitution gives Congress the authority to raise revenue, borrow funds and appropriate the proceeds for federal agencies (Article I, Sections 8 and 9). In implementing these express constitutional powers, Congress limits strictly the obligation and expenditure of public fund by the Executive Branch. Congress regulates virtually all Executive Branch programs and activities through the appropriations process.

36.1 FEDERAL FISCAL LIMITATIONS/REGULATIONS

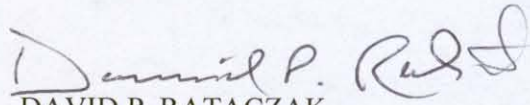
- (1) **Purpose** – DEMA may obligate and expend federal appropriations only for a proper purpose. The expenditure must be for a particular statutory purpose, or necessary and incident to the proper execution of the general purpose of the appropriation. Additionally, the expenditure must not be prohibited by law and the expenditure must be not otherwise be provided for within the scope of some other appropriation.
- (2) **Time** – DEMA may obligate federal funds only within the time limits applicable to the appropriation. This directly correlates to the Bona Fide Needs Rule which states: An agency may obligate funds only for bona fide needs that arise during the appropriation's period of availability.

Unless expressly stated otherwise, in accordance with 31 U.S.C. §1301, any federal funds are available for obligation only for the fiscal year covered by the appropriation.

The DEMA State Procurement Office will not process requisitions crossing two or more federal fiscal years unless the USPFO determines, in writing, the project is non-severable and approves extending the requisition (and resultant Purchase Order) into future fiscal years. A copy of the USPFO approval memo must be attached to the BuySpeed requisition and placed in the file (stapled to the Purchase Order).

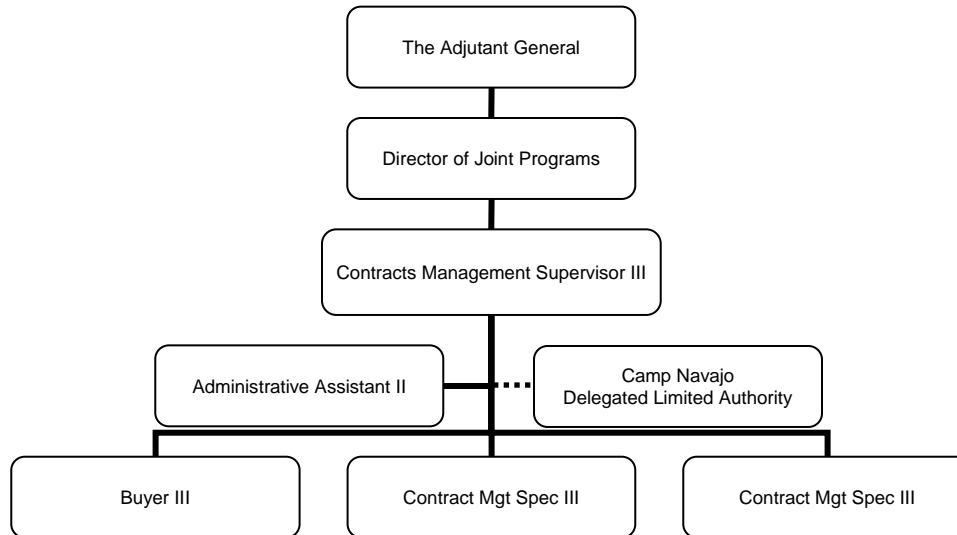
- (3) **Amount** – With respect to federally appropriated funds, DEMA may not obligate more than the amount appropriated by Congress.

BY ORDER OF THE GOVERNOR:

A handwritten signature in dark ink, appearing to read "David P. Rataczak". The signature is fluid and cursive, with a large initial "D" and a stylized "R".

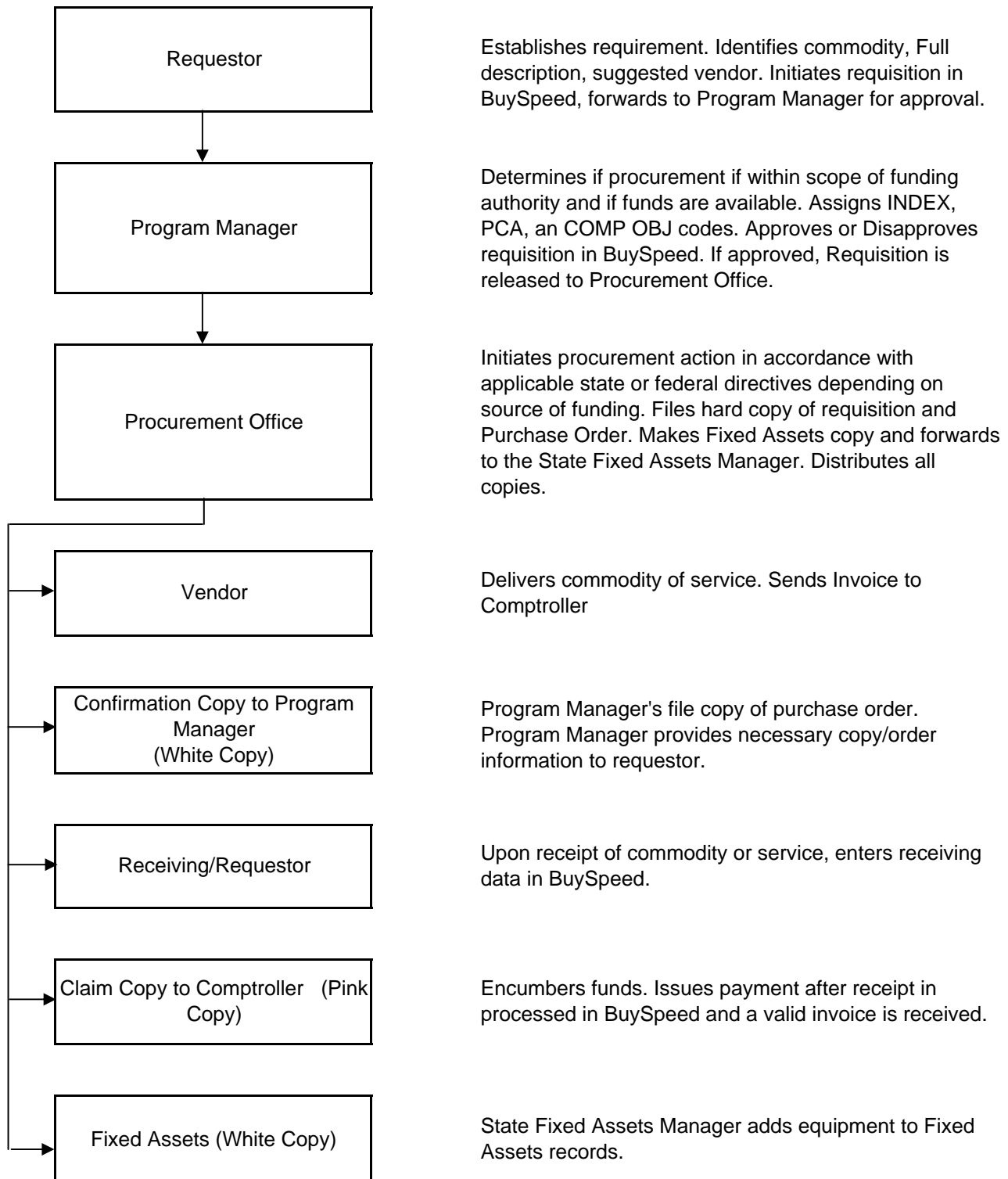
DAVID P. RATA CZAK
Major General, AZ ARNG
The Adjutant General

Department of Emergency & Military Affairs Procurement Office



ROUTINE PROCUREMENT PROCEDURES

Attachment 2



PURCHASING CARD STATEMENT CHECKLIST

Attachment 3

To:	From:		
The purpose of this correspondence is to notify you of the following discrepancies so that they may be corrected on your future reconciliations. No further action is required.			
Cardholder Name:	Account Number:		
ITEM	YES	NO	REMARKS
Is purchasing card statement signed and dated by cardholder?			
Is purchasing card statement signed and dated by Program Manager?			
Are all original charge tissues and cash register receipts attached?			
Is cardholder using State and DEMA contracts?			
If NOT is documentation attached?			
Is cardholder "splitting" orders to avoid using State and DEMA contracts?			
Is cardholder paying appropriate privilege tax?			
Is cardholder only purchasing authorized items?			
Is cardholder "splitting" orders to avoid single purchase limit?			
Are items purchased immediately available and not backorders?			
Is cardholder "rotating" vendors for like items?			
Additional Comments:			
Reviewer Signature:	Date:		

**PURCHASING CARD
CARDHOLDER INFORMATION**

Attachment 4

Instructions: Fill out and fax this signed form to Karie Ingles in DEMA Procurement Office at (602) 267-2576 or e-mail the information (from the Program Manager) to karie.ingles@azdema.gov

Cardholder Information

Cardholder's Name (as it will appear on the card)

Work Mailing Address Line 1

Work Mailing Address Line 2

City, State Zip

Work Phone

EIN #

Cardholder's E-mail Address

Cardholder's Signature & Date

Limits

Single Purchase Limit

Credit Limit (monthly)

Program Manager Name (print)

Program Manager Signature & Date

DEMA CARDHOLDER AGREEMENT

In accordance with DEMA Directive 40.2, you are hereby authorized to accept, use and be responsible for the purchasing card (P-Card) issued to you by the State of Arizona. This authorization shall become effective upon the date issued, and shall remain in effect until terminated by the Adjutant General, DEMA Resource Manager, DEMA Procurement Manager, Enterprise Procurement Services, the General Accounting Office for the State of Arizona, your Program Manager, the card issuer, or upon your reassignment/termination of employment with DEMA.

As an employee of the State of Arizona, Department of Emergency and Military Affairs, you are required comply with strict rules of accountability and conduct. These rules include the Standards of Conduct set forth in Section R2-5-501 of the Department of Administration, Personnel Division, Administrative Rules and Regulations. In addition, you must comply with procedures and rules for Conflict of Interest as detailed in the Arizona Revised Statutes, Article 8, 38-501 through 38-510. You are required to report any actual or potential violations to your supervisor or through the appropriate chain of command.

All purchases must be made in strict compliance with all applicable laws, rules, regulations or statutes, including, but not limited to, the Arizona Procurement Rules and Regulations, applicable State of Arizona statutes, the Arizona Administrative Code, DEMA Directive 40.2, any P-Card Policies and Procedures promulgated by the General Accounting Office of the State of Arizona and/or limitations imposed by the card issuer.

- A. Subject to funding availability, you may make purchases **FOR OFFICIAL GOVERNMENT USE ONLY**, including telephone orders, providing all of the following conditions are met:
1. The single purchase limit of \$_____ is not exceeded and the monthly purchase limit of \$_____ is not exceeded in one monthly billing cycle. These limits are subject to change. Each month shall be considered as a separate time period and you are not permitted to carry forward unused balances.
 2. The items are immediately available or delivered prior to the close of the monthly billing cycle.
 3. Items on State of Arizona contracts (including DEMA contracts) must be purchased from the designated vendors.
 4. Purchases will not be made after the last day of the billing cycle during the last month of the fiscal year. Purchases made under the pretences of this card may start again after the fiscal year begins upon notification by the Program Manager.
- B. Items that may NOT be purchased include:
1. Items and services that must/may be back ordered. (This is to ensure receipt of the items prior to the end of the billing cycle.)
 2. ATM cash advances or traveler's checks or other negotiable instruments.

3. Fuel. Fuel for state vehicles must be purchased with the “gasoline” credit card.
4. Items and/or services not otherwise allowed or authorized by the normal purchase order process.
5. Professional or personal purchases for yourself or others.
6. Travel – The P-Card may NOT be used for in-state and out-of-state airfare, train fare, hotel, lodging, car rental, gasoline, meals, incidentals or other expenses related to travel.

Your duties and responsibilities include:

- a. Obtaining charge tissue copies and/or cash register receipts for each purchase.
- b. Reconciling your cardholder’s monthly statement and forwarding the reconciliation (with charge tissue copies and cash register receipts) to your Program Manager no later than three (3) business days of receipt of the statement(s).
- c. Reading and complying with the requirements of DEMA Directive 40.2, and the current Technical Bulletin issued by the AZ General Accounting Office regarding use of the purchasing card.
- d. Ensuring items ordered conform to your specifications/requirements before acceptance is made and the purchase is charged to the appropriate purchasing card/account.
- e. Reporting any discrepancies of transactions to the vendor and your Program Manager in accordance with DEMA Directive 40.2.
- f. Receiving training with respect to applicable purchasing card rules and procedures, Standards of Conduct, and Ethics Training.
- g. Immediately reporting any lost or stolen card issued in your name to the DEMA Purchasing Manager or P-Card Administrator in the Purchasing Office.

C. Revocation of Authority:

P-Card Privileges may be canceled or revoked at any time, without prior notice, or for any reason by agency management, Enterprise Procurement Services, or the General Accounting Office. I agree to return the card immediately upon suspension, termination and/or any other separation from State service (including retirement) and/or upon reassignment to another agency or cost center. I agree to return the card immediately upon request of my supervisor, agency management, Enterprise Procurement Services or the General Accounting Office and that disciplinary action may apply for failure to do so.

I have received, read, understand and agree to comply with the State of Arizona’s and DEMA’s P-Card policies, procedures and practices and have received P-Card training. I hereby authorize

the State to deduct from my payroll check (and from any other payments due to me) an amount equal to the greater of my P-Card limit or the amount of any unauthorized purchases made on the P-Card issued to me and/or to withhold the amount of my P-Card limit if I fail to return the P-Card upon separation from State employment.

Employee's Signature

Date

Agency

Employee's EIN

Section/Unit

Employee's Phone Number

This employee is authorized by the undersigned to obtain a State of Arizona Purchasing Card and to incur expenses against the Agency's/Program's budget.

Approving Official's Signature

Date

Approving Official's Title

Additional Approving Official's Signature

Date

Additional Approving Official's Signature

Date

STATE OF ARIZONA PURCHASING CARD (P-CARD) CARDHOLDER AGREEMENT

I, _____, understand and agree that:
(Print Employee's Name Above)

1. The P-Card is available only to employees or card custodians authorized by agency management to be assigned cards.
2. I am being delegated the authority to purchase on behalf of the State of Arizona using the P-Card. The card is to be used solely for authorized purchases incurred for a valid public purpose while conducting State business.
3. This card will be used for approved purchases only. All purchases must be made in accordance with applicable laws and regulations, including but not limited to the Arizona Procurement Code, applicable State of Arizona Statutes, the Arizona Administrative Code, P-Card Policies and Procedures promulgated by the General Accounting Office of the State of Arizona, and my agency's P-Card Policies and Procedures.
4. My failure to follow established procedures may result in disciplinary action against me, including suspension, termination of employment, and/or criminal prosecution.
5. I will not use the P-Card to purchase or pay for any travel expenses.
6. ATM cash advances and the purchase of traveler's checks and/or other negotiable instruments are prohibited.
7. I will not charge any personal purchases to this card for either myself or others.
8. P-Card privileges may be canceled or revoked at any time, without prior notice, for any reason by agency management, the State Procurement Office or the General Accounting Office.
9. I will not use the P-Card to purchase or pay for professional services of which require the issuance of a Form 1099.
10. I will return the card immediately upon suspension and/or termination and/or other separation from State service (including retirement) and/or upon reassignment to another agency or cost center. I will return the card immediately upon request of my supervisor, agency management, the State Procurement Office or the General Accounting Office and that disciplinary action may apply for failure to do so.
11. I am responsible for complying with the P-Card policies, procedures and practices established by my agency, the State Procurement Office and the General Accounting Office.
12. If the card is lost or stolen, I will immediately notify the Agency P-Card Administrator.

I have received, read and do understand and agree to comply with the State P-Card Policy and, as applicable, my agency's P-Card policy, procedures and practices and have received P-Card training. I hereby authorize the State to deduct from my payroll check (and from any other payments due me) an amount equal to the greater of my P-Card limit or the amount of any unauthorized purchases made on the P-Card issued to me and/or to withhold the amount of my P-Card limit if I fail to return the P-Card upon separation from State employment.

Employee's Signature

Date

Agency

Employee's EIN

Section/Unit

Employee's Phone

This employee is authorized by the undersigned to obtain a State of Arizona Purchasing Card and to incur expenses against the Agency's/Program's budget.

Initial Approving Official's Signature

Date

Initial Approving Official's Name

Initial Approving Official's Title

Additional Approving Official's Signature

Date

Additional Approving Official's Name

Additional Approving Official's Title



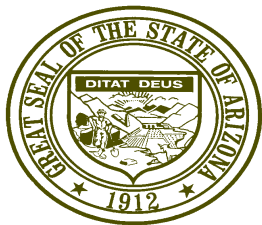
JANE DEE HULL
GOVERNOR

**ARIZONA DEPARTMENT OF EMERGENCY
AND MILITARY AFFAIRS
JOINT PROGRAMS – PURCHASING &
CONTRACTING**



MG DAVID P. RATACZAK
THE ADJUTANT GENERAL

CONTRACT AMENDMENT [Amendment #]	
DEMA Contract Title and No.:	Effective Date:
Contractor Name and Address:	Issued by:
<p>These changes, additions, and/or deletions are made part of this Contract. This addendum shall be considered a part of the contractual document and modifies the agreement according to the following:</p> <ol style="list-style-type: none">1.2.3.4.5.	
<p>All other terms and conditions shall remain the same. In witness WHEREOF, I/we hereby agree to these changes in their entirety,</p>	
Name and Title of Contractor's Authorized Representative (Type or print)	Name and Title of Procurement Officer Corry Slama, C.P.M., CPPB Procurement Manager
Signature and Date	Signature and Date



DESIGN CHANGE NOTICE NO. _____

TO: ADOA, Building & Planning Services 100 N. 15 th Avenue, Suite 202 Phoenix, Arizona 85007 ATTENTION: Arabinda Ghosh	DATE: _____ FILE NO: _____ PROJECT _____ ORIGINAL CONTRACT NO. _____
---	--

This DCN modifies the original agreement for professional services and affects the contract(s) for construction as described herein.

Description of Service: _____

Effect on Construction: _____

A/E: _____ BY: _____	Original Cost: \$ _____ Previous DCN: \$ _____ This DCN: \$ _____ Contract to Date: \$ _____
REVIEWED BY: _____ Project Manager	AUTHORIZED BY: _____ Purchasing Manager
APPROVED BY: _____ Chief Engineer, ADOA	DATE: _____
DATE: _____	

Arizona State Procurement Office
Sole Source, Impracticable, and Emergency Procurements
Quarterly Report

Agency Emergency and Military Affairs

Quarter Ending _____

Contact Corry Slama

Phone Number 602-267-2765

[illegible]



**ARIZONA DEPARTMENT OF EMERGENCY
AND MILITARY AFFAIRS
JOINT PROGRAMS – PURCHASING & CONTRACTING**
5636 East McDowell Road, Building M5350, Phoenix, Arizona 85008-3465



JANET NAPOLITANO
GOVERNOR

MG DAVID P. RATACZAK
THE ADJUTANT GENERAL

Procurement Determination: Emergency or Impracticable

Sections 1 through 3 **MUST** be completed by the requesting agency
Use Additional Attachments as Necessary

1.	
Agency:	
Name:	Title:
Phone: ()	Fax: ()
Subject Materials or Services:	
Estimated Cost:	Signature:
Supplier Name:	
2. Provide full description of materials or services.	
3. Provide complete justification to include at a minimum: 1) Total duration of this requirement, 2) Documentation the price being charged is fair and reasonable, 3) An explanation of why an Emergency or Impracticable procurement process is advantageous to the state. (Note: An “emergency” must demonstrate the functioning of state government, the preservation or protection of property, or the health or safety of a person is seriously threatened).	
Note: In accordance with the Procurement Rules, the Arizona Uniform Terms and Conditions must be made a part of all contracts (See next page). If you will be required to sign a software licensing agreement or sign any other agreement containing terms and conditions, which will be made a part of the final contract, you must receive prior approval of the agreement/license from the Purchasing/Contracting Office of DEMA and/or the Office of the Attorney General.	
<p align="center"><u>Procurement Authority</u></p> <p><input type="checkbox"/> APPROVAL Request Authorized Pursuant to ARS § 41-2537 <input type="checkbox"/> Emergency <input type="checkbox"/> Impracticable <input type="checkbox"/> Request Denied <input type="checkbox"/> Request Returned for Additional Information: See Comments:</p>	
Approved by:	
Signature: _____	Title: _____ Date: _____
AGENCY NOTICE: This is your official written determination in response to your procurement authorization request. The original request shall be maintained in the DEMA Purchasing/Contracting Office.	

STATE OF ARIZONA
MANDATORY CONTRACT TERMS AND CONDITIONS

A. Non-Availability of Funds

Every payment obligation of the State under this Contract is conditioned upon the availability of funds appropriated or allocated for payment of such obligation. If funds are not allocated and available for the continuance of this Contract, this Contract may be terminated by the State at the end of the period for which funds are available. No liability shall accrue to the State in the event this provision is exercised, and the State shall not be obligated or liable for any future payments or for any damages as a result of termination under this paragraph.

B. Audit of Records

Pursuant to A.R.S. 35-214, the Contractor shall retain and shall contractually require each subcontractor to retain all data, books and other records ("records") relating to this Contract for a period of five years after completion of the Contract. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the Contractor shall produce the original of any or all such records.

C. Cancellation for Conflict of Interest

Pursuant to A.R.S. 38-511, the State, its political subdivisions or any department or agency of either may, within three years after its execution, cancel any Contract, without penalty or further obligation, made by the State, its political subdivisions or any department or agency of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of the State, its political subdivisions or any department or agency of either is, at any time while the Contract or any extension of the Contract is in effect, an employee or agent of any other party to the Contract in any capacity or a consultant to any other party of the contract with respect to the matter of the Contract. A cancellation made pursuant to this provision shall be effective when the Contractor received written notice of the cancellation unless the notice specifies a later time.

D. Non-Discrimination

The Contractor shall comply with Executive Order 99-4 which mandates that all persons, regardless of race, color, religion, sex, age, national origin or political affiliation, shall have equal access to employment opportunities, and all other applicable State and Federal employment laws, rules, and regulations, including the Americans with Disabilities Act. The Contractor shall take affirmative action to ensure that applicant for employment and employees are not discriminated against due to race, creed, religion, sex, national origin or disability.

E. Arbitration

The parties to this Contract agree to resolve all disputes arising out of or relating to this Contract through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. 12-1518 except as may be required by other applicable statutes.

F. Third Party Antitrust Violations

The Contractor assigns to the State any claims for overcharges resulting from antitrust violations to the extent that such violations concern materials or services supplied by third parties to the Contractor towards fulfillment of this Contract.

G. Applicable Law

This Contract shall be governed and interpreted by the laws of the State of Arizona, including the Arizona Procurement Code (A.R.S. 41-2501, *et seq.*) and the administrative rule promulgated there under (A.A.C. R2-7-901, *et seq.*).

H. Personal Use of Contracts Prohibited

This Contract shall only be made available to the State, its agencies and members of its purchasing cooperative. Private individuals, government employees and public officials shall not be permitted to make purchases for personal or business use of this contract (A.A.C. R2-7-105)

SOLE SOURCE PROCUREMENT REQUEST

Please complete and email to: corry.slama@azdema.gov or brenda.black@azdema.gov

Entire document MUST be completed	
Section 1	
Requesting Agency:	
Vendor:	Estimated Cost:
Section 2	
Brief description of materials or services:	
Section 3	
Briefly describe why this procurement is Sole Source and why there is only a single source available:	
Duration of this Sole Source procurement:	
Briefly describe the efforts made to seek other sources:	

Send comments to the following individual:

Requesting Agency Contact Information	
Procurement Officer:	
Phone Number:	Email Address:

State Procurement Website Posting Information	
R2- 7-E301 requires the State Procurement Administrator shall post the request on the State Procurement Office website and invite comments on the Sole Source request for five working days.	
Date Posted:	Date Closed:

PURCHASE ORDER/REQUISITION MODIFICATION REQUEST

P.O. # or REQ. # _____	Change Order Request No. _____	Last Change Order No. _____
---------------------------	--------------------------------	-----------------------------

Contract No. _____ Vendor: _____

P.O./Requisition Description: _____

Justification: _____

Change Order Details: _____ or ☐ Cancel this Requisition/Purchase Order in its entirety (check box)

Item/ Line No.	Item Changed (Input only: Qty, Unit Price, Total Price, or Tax)	Increase (I) or Decrease (D)	Amount of Change	Current Dollar Amount on P.O.	Revised/New Amount
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

The new total price of this purchase order/requisition is: \$ _____

Explanation/Other: _____

SIGNATURES: (Note: When canceling a Requisition, only the Requestor signature is required)

Requestor _____ Date _____

Budget Office _____ Date _____

Program Manager _____ Date _____

Purchasing Manager _____ Date _____



**ARIZONA DEPARTMENT OF EMERGENCY
AND MILITARY AFFAIRS
JOINT PROGRAMS – PURCHASING & CONTRACTING**
5636 East McDowell Road, Building M5350, Phoenix, Arizona 85008-3465



JANET NAPOLITANO
GOVERNOR

MG DAVID P. RATACZAK
THE ADJUTANT GENERAL

Procurement Determination: Off-Contract Purchase Authorization

Sections 1 through 5 **MUST** be completed by the requesting agency
Use Additional Attachments as Necessary

1.	
Agency:	
Name:	Title:
Phone: ()	Fax: ()
Contract Number and Title:	
Estimated Cost:	Signature:
2. Provide full description of contract materials or services:	
3. Description of requested equipment or service, including price, model number(s), manufacturer, and available vendors(s):	
4. Specialized work, additional advantages and benefits to be performed by the requested non-contract equipment or service vendor that can not be performed by the equipment or service currently on contract:	
5. Suggested Vendor Name, Address and Phone Number:	
Procurement Authority	
<input type="checkbox"/> APPROVAL Request Authorized Pursuant to ARS § R2-7-A301	
<input type="checkbox"/> Request Denied	
<input type="checkbox"/> Request Returned for Additional Information	
<input type="checkbox"/> See Comments:	
Approved by:	
Signature: _____	Title: _____ Date: _____
AGENCY NOTICE: This is your official written determination in response to your procurement authorization request. The original request shall be maintained in the DEMA Purchasing/ Contracting Office.	

Attachment 13
ARIZONA DEPARTMENT OF EMERGENCY & MILITARY AFFAIRS
JOINT PROGRAMS - FACILITIES MANAGEMENT OFFICE
5636 E. McDOWELL ROAD, BUILDING #M5330, PHOENIX, AZ 85008-3495

MEMORANDUM

DEMA/JP-F- (Enter POR's name for Facilities Management Office)

TO DEMA/JP/D, ATTN: (Enter Procurement Managers Name)

Thru: Robert Stockman, Deputy Director
CPT Tom Wells, Facilities Administrator

DATE: (Enter current date)

SUBJECT: (Enter Information -- for example -- "Pay application #6 for Continuing Services Contract # M4-0054, for Mechanical Cooling System Construction Administration at the United States Property and Fiscal Office (USP&FO) 5555 East McDowell Road, Phoenix, Arizona 85008-2037. Building Number M5800.")

1. In reference to the above subject contract, enclosed is a (Enter company name information -- for example JOHNSTON ENGINEERING COMPANY) request for payment, invoice # _____ the contract. The Purchase Order # is _____.

2. I certify that the enclosed request for payment in the amount of \$_____ is accurate and valid.

3. Request payment is made to (Enter company name information -- example JOHNSTON ENGINEERING COMPANY) , in the amount of \$_____.

4. Requisition Number is _____; the Account Codes are as follows:

<u>Account Codes</u>	<u>Percentage</u>	<u>Dollar Amount</u>
(Enter Information -- For Example)		
FM-MC-04-97601-04701	88%	\$1,450.00
Account Total	88%	\$1,450.00

5. If you have questions regarding this application, please contact (first and last names) at (phone number), and refer to Contract #_____.

Approved:

(Name of approver)
(Rank/Title)
(Department Name)

Enclosure

TIME FRAMES

NOTE: The time frames listed herein are approximations. Purchasing and Contracting (P&C) will work to the best of its ability and assist DEMA to reduce these time frames to a minimum, however, please remember we are required to conform to certain statutory requirements and/or other time restraints imposed on us that are not fully controlled by this department (i.e.; Advertising the solicitation, Contract preparation, Submittal of performance/payment bonds/certificates of insurance, Proposal review times, Project priorities, Anticipated value of the procurement and the number of bids/quotations required, Delivery lead time, etc.)

Invitation for Bid (IFB)/Request for Proposals (RFP)

1. Scope of Work: After receipt of clear and accurate specifications, P&C will prepare solicitation documents, request labels, etc.: Two-four (2 – 4) days – depending on complexity of scope of work)
2. Advertisement: Three (3) days advance notice is required to place advertisement. Per A.R.S. 41-2533, invitation for bid must be advertised at least two (2) consecutive weeks and the second publication shall not be less than two (2) weeks before bid opening.
3. Solicitation Issued: Purchasing and Contracting shall issue bids no less than eight (8) days prior to the pre-bid meeting.
4. Pre-Bid/Proposal Conference: Must be held no less than eight (8) days prior to bid opening.
5. Addenda: An addendum may be issued after pre-bid conference. Any major addenda will delay bid opening at least eight (8) days based on the discretion of the Procurement Manager. (This date may vary based on the time frame P&C receives appropriate information to allow an addendum to be issued)
6. Bid Opening/RFP Closing date: Approximately one-three (1-3) weeks after pre-bid conference.
7. Analyze Bids and Prepare to Award Contract:
 - IFB: Two–five (2-5) days after bid opening.
 - RFP: Two-six (2-6) weeks (Time will vary based on availability of evaluation committee, their ability to evaluate proposals, and number & complexity of proposals received)

OPTIONAL (For RFP's only): Presentations/Interviews with short listed proposing vendors. Two-Three (2-3) days after eight (8) days notice for proposing firm to prepare.

OPTIONAL (For RFP's only): Contract Negotiations: Additional one to three (1 – 3) weeks after determining the most advantageous proposal(s). (NOTE: This time will also vary based on the complexity of the RFP, the proposing vendors responsiveness to the negotiation issues, any legal review required, etc.)

8. Request appropriate bonds and certificates of insurance be delivered to Purchasing and Contracting. (Coordinate final contractual document with DOA Bldg and Planning with information provided by DEMA) – Ten (10) days.
9. Post Award Conference: Three-five (3-5) days after receipt of the appropriate bond(s)/proof of insurance. (Contract is to be hand carried to DOA Bldg. & Planning for signature(s) from Chief Engineer for construction contracts.)

Construction Manager @ Risk

1. Scope of Work: After receipt of clear and accurate specifications, P&C will prepare solicitation documents, request labels, etc. (Two-Four (2-4) days – depending on complexity of scope of work)
2. Advertisement: Three days advance notice is required to place advertisement. Per A.R.S. 41-2533, invitation for bid must be advertised at least two (2) consecutive weeks and the second publication shall not be less than two weeks before bid opening.
3. Solicitation Issued: Purchasing and Contracting shall issue bids no less than eight (8) days prior to the pre-bid meeting.
4. Pre-Proposal Conference: Must be held no less than eight (8) days prior to bid opening.
5. Addenda: An addendum may be issued after pre-bid conference. Any major addenda will delay bid opening at least eight (8) days based on the discretion of the Procurement Manager. (This date may vary based on the time frame P&C receives appropriate information to allow an addendum to be issued)
6. Bid Opening/RFP Closing date: Approximately one-three (1–3) weeks after pre-bid conference.
7. Evaluate Written Proposals: One-five (1-5) days

8. Interviews with Sort Listed Firms: Interviews with short listed proposing vendors. two-three (2-3) days after eight (80 days notice for proposing firm to prepare.
9. Re-Evaluate Short Listed firms, Check References, etc.: One-two (1-2) days
10. Selected Contractor Prepare Guaranteed Maximum Price (GMP) Fee Proposal – twenty five (25) days (Prepare contract documents with ADOA at this time)
11. Negotiate/Determine if (GMP) fee proposal is acceptable: Five-ten (5-10) days
12. Request contractor provide payment and/or performance bonds, certificates of insurance: Ten (10) days
13. Award Contract: Three-five (3-5) days after receipt of payment/performance bonds and/or certificate of insurance. (Take contracts to ADOA Bldg. & Planning for signatures from Chief Engineer)
14. Post Award Conference: Three-five (3-5) days after receipt of the appropriate bond(s)/proof of insurance.

Request for Quotes (RFQ)

1. Scope of Work: After receipt of clear and accurate specifications, P&C will prepare solicitation documents, request labels, etc., and fax the required documents to the State Procurement Office. (Two-four (2-4) days- depending on complexity of scope of work).
2. Solicitation Issued: Purchasing and Contracting shall issue solicitation for no less than eleven (11) days.
3. Addenda: An addendum may be issued after the solicitation is issued not less one (1) day prior to the RFQ closing date. This time will vary based on the addendum request, its complexity and the determination of the Purchasing Manager in reference to the ability of the vendors to adjust their quotations based on the addendum released.
4. Analyze RFQ and Prepare to Award Contract: One-three (1-3) days from the closing date of the RFQ.
5. If required, request contractor provide payment and/or performance bonds, certificates of insurance: Three-ten (3-10) days.

PROCUREMENT EVALUATION AND CERTIFICATION MBEWBE

Requisition # _____

Purchase Order # _____

First Time Contract Award? (Y/N) _____

TYPE OF PROCUREMENT					
REQUEST FOR QUOTATIONS ONLY: This worksheet and, if applicable, page 2 of this worksheet, shall be completed, signed and attached to <u>all</u> requisitions (greater than \$5,000) or requisitions covered under determinations A-D on page 2 of this document (with supporting back up documentation). <u>USE ADDITIONAL SHEETS AS NECESSARY.</u> (Provide # of Oral/Written quotes received or provide Quotation number in Quote Summary Section.)	Dollar Amount of Purchase				
	< \$5,000	\$5,000 - 49,999.99			<u>\$50,000 or greater</u> (Correct contract # shall be clearly indicated on the P.O. and a Contract Award/Procurement Summary determination must be completed for P.O.'s issued against the contract the first time only).
		S/M/W Business		SPIRIT	
		Oral (3)	Written (3)	Oral	
			N/A		

QUOTE SUMMARY							
Quote Date	Vendor Name	Contact Person	Phone/Fax Number	Bid/Quote Amount	MBE – WBE Class Code (mandatory for quotes < \$50k)	Quote # (DEMA # /EPS #, etc.)	Type of Solicitation/Quote (VQ, WQ, EM, IM, SS, 2636 only)
				\$			
				\$			
				\$			
				\$			
				\$			

AGENT CERTIFICATION

In witness whereof, this procurement was consummated under the provisions of the Arizona Procurement Code, A.R.S. and is in the best interest of this Department and the State of Arizona.

Procurement Agent: _____

Date: _____

DETERMINATIONS

(Check all which apply and amplify in Remarks Section if necessary)

A. Sole Source:

☐ In accordance with R2-7-E301 and A.R.S 41-2536, it is deemed appropriate by the Chief Procurement Officer to utilize the sole source method of procurement. (Attach Sole Source Procurement Determination form from requestor).

B. SPIRIT or Small Business:

☐ In accordance with R2-7-D303, it is deemed impractical to utilize the electronic notification/distribution system (SPIRIT) or restrict this Request for Quotations to Small Businesses. (Document reason below)

C. Emergency/Impracticable procurements:

☐ In accordance with A.R.S 41-2537 a situation exists which makes compliance with A.R.S 41-2533 or 41-2534 impracticable, unnecessary or contrary to the public interest. (Attach Emergency/Impracticable Procurement Determination form from requestor or thoroughly document reason in the remarks section of this form).

D. Contract Award (One Bid Received):

☐ In accordance with R2-7-B309 (Competitive Sealed Bidding), or R2-7-C309 (Competitive Sealed Proposals), or R2-7-D304 (Contract Award) the one bid received is fair and reasonable, the offeror is responsive to the requirements and the contract is advantageous to the state.

REMARKS

Procurement Officer: _____ Date: _____

**STATE OF ARIZONA
MANDATORY CONTRACT TERMS AND CONDITIONS**

A. Non-Availability of Funds

Every payment obligation of the State under this Contract is conditioned upon the availability of funds appropriated or allocated for payment of such obligation. If funds are not allocated and available for the continuance of this Contract, this Contract may be terminated by the State at the end of the period for which funds are available. No liability shall accrue to the State in the event this provision is exercised, and the State shall not be obligated or liable for any future payments or for any damages as a result of termination under this paragraph.

B. Audit of Records

Pursuant to A.R.S. 35-214, the Contractor shall retain and shall contractually require each subcontractor to retain all data, books and other records ("records") relating to this Contract for a period of five years after completion of the Contract. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the Contractor shall produce the original of any or all such records.

C. Cancellation for Conflict of Interest

Pursuant to A.R.S. 38-511, the State, its political subdivisions or any department or agency of either may, within three years after its execution, cancel any Contract, without penalty or further obligation, made by the State, its political subdivisions or any department or agency of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of the State, its political subdivisions or any department or agency of either is, at any time while the Contract or any extension of the Contract is in effect, an employee or agent of any other party to the Contract in any capacity or a consultant to any other party of the contract with respect to the matter of the Contract. A cancellation made pursuant to this provision shall be effective when the Contractor received written notice of the cancellation unless the notice specifies a later time.

D. Non-Discrimination

The Contractor shall comply with Executive Order 99-4 which mandates that all persons, regardless of race, color, religion, sex, age, national origin or political affiliation, shall have equal access to employment opportunities, and all other applicable State and Federal employment laws, rules, and regulations, including the Americans with Disabilities Act. The Contractor shall take affirmative action to ensure that applicant for employment and employees are not discriminated against due to race, creed, religion, sex, national origin or disability.

E. Arbitration

The parties to this Contract agree to resolve all disputes arising out of or relating to this Contract through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. 12-1518 except as may be required by other applicable statutes.

F. Third Party Antitrust Violations

The Contractor assigns to the State any claims for overcharges resulting from antitrust violations to the extent that such violations concern materials or services supplied by third parties to the Contractor towards fulfillment of this Contract.

G. Applicable Law

This Contract shall be governed and interpreted by the laws of the State of Arizona, including the Arizona Procurement Code(A.R.S. 41-2501, *et seq.*) and the administrative rule promulgated thereunder (A.A.C. R2-7-901, *et seq.*).

H. Personal Use of Contracts Prohibited

This Contract shall only be made available to the State, its agencies and members of its purchasing cooperative. Private individuals, government employees and public officials shall not be permitted to make purchases for personal or business use of this contract (A.A.C. R2-7-105)

GENERAL CONTRACTOR CHANGE ORDER BREAKOUT

CONTRACTOR: _____

PROJECT: _____ DATE: _____

UNIT	UNIT QUANTITY	LABOR UNIT PRICE	LABOR EXTENSION	EQUIPMENT UNIT PRICE	EQUIPMENT EXTENSION	MATERIAL UNIT PRICE	MATERIAL EXTENSION	TOTALS
		\$	\$	\$	\$	\$	\$	\$
		\$	\$	\$	\$	\$	\$	\$
		\$	\$	\$	\$	\$	\$	\$
		\$	\$	\$	\$	\$	\$	\$
		\$	\$	\$	\$	\$	\$	\$
		\$	\$	\$	\$	\$	\$	\$
		\$	\$	\$	\$	\$	\$	\$
		\$	\$	\$	\$	\$	\$	\$
		\$	\$	\$	\$	\$	\$	\$
		\$	\$	\$	\$	\$	\$	\$
		\$	\$	\$	\$	\$	\$	\$
		\$	\$	\$	\$	\$	\$	\$
		\$	\$	\$	\$	\$	\$	\$
		\$	\$	\$	\$	\$	\$	\$
		\$	\$	\$	\$	\$	\$	\$

GENERAL'S SUB-TOTAL: \$ _____

GENERAL'S OVERHEAD & PROFIT @ 10%: \$ _____

<p>SUB-CONTRACTOR WORK</p> <p>_____ \$</p> <p>(Name of Firm)</p> <p>_____ \$</p> <p>(Name of Firm)</p> <p>_____ \$</p> <p>(Name of Firm)</p> <p>_____ \$</p> <p>(Name of Firm)</p> <p>_____ \$</p> <p>(Name of Firm)</p> <p>Sub-Contractors Sub-Total: \$ _____</p> <p>General's Overhead & Profit @ ____ %: \$ _____</p> <p>Sub-Contractor's Total: \$ _____</p>	<p>Sub-Contractors Total: \$ _____</p> <p>Sub-Total: \$ _____</p> <p>Additional Bonds and Insurance for General: \$ _____ (Actuals or % from Schedule of Values)</p> <p>Sub-Total: \$ _____</p> <p>General's Additional Taxes: \$ _____</p> <p>GRAND TOTAL: \$ _____</p>
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SUBCONTRACTOR CHANGE ORDER BREAKOUT

(NAME OF FIRM)		(DATE)	(SIGNATURE)
MATERIAL	UNIT QUANTITY	UNIT PRICE	MATERIAL EXTENSION
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
LABOR (BY SKILL)	UNIT QUANTITY	UNIT PRICE	LABOR EXTENSION
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
EQUIPMENT RENTAL	UNIT QUANTITY	UNIT PRICE	EQUIPMENT EXTENSION
		\$	\$
		\$	\$
		\$	\$
MATERIAL TOTAL: \$ _____		SUB-TOTAL: \$ _____	
LABOR TOTAL: \$ _____		OVERHEAD/PROFIT @ 10%: \$ _____	
EQUIPMENT TOTAL: \$ _____		SUBCONTRACTOR'S TOTAL: \$ _____	

ATTACHMENT 18

F.O.B. SHIPPING TERMS

What does FOB mean?

FOB is the abbreviation "free-on-board."

What is the purpose of establishing FOB terms?

The FOB terms are an important part of the purchase contract. The FOB terms describe:

- who selects the carrier
- who pays the freight charges
- who has title to the goods during shipment

What are the key differences between FOB Destination and FOB Origin?

FOB Destination is the standard and most common FOB term used by buyers. The seller is the owner of goods while in transit and is responsible for any loss or damage up to the time of delivery. Other ways of expressing the FOB Destination are "FOB Phoenix" or "FOB Mesa".

Rarely, buyers use the shipping term FOB Origin or FOB Shipping point. You would use FOB Origin if you were ordering something that's so huge and heavy that you want to negotiate the shipping separately from the purchase of the goods, for instance, a railcar full of paper or a truckload full of anchor chain.

Another reason to use FOB Origin would be if you wanted all of your shipping to be done by a specific carrier with whom you had negotiated favorable pricing, terms and conditions.

What if no FOB terms are stated in the purchase order?

When no FOB terms are discussed or not mentioned in the contract or purchase order, then, in accordance with the Uniform Commercial Code (UCC) the term is FOB Origin. The buyer is then responsible for freight and damaged goods.

Buyer Beware: Always include FOB Destination on your purchase orders unless you have a reason to want FOB Origin.

What are my choices?

The following summary of FOB and freight terms (prepaid, allowed, or collect) that should help you choose the best terms for a specific purchase.

1. FOB Destination, freight allowed

- Seller pays freight charges
- Seller owns goods in transit
- Seller files any damage claims

Title passes to the buyer when freight reaches its destination. Freight will be paid by the seller and the cost of freight is figured into the cost of goods. (NOTE: Freight is never "free." The cost of freight is included somewhere.)

ATTACHMENT 18
F.O.B. SHIPPING TERMS

2. FOB Destination, prepay freight & add

- Seller pays freight charges, recharges to buyer
- Seller owns goods in transit
- Seller files any damage claims

Title passes to the buyer when freight reaches its destination. Freight will be paid by the seller, but the cost of the freight will be added to the invoice for the sale of goods.

3. FOB Destination, freight collect

- Buyer pays freight charges
- Seller owns goods in transit
- Seller files any damage claims

Title passes to the buyer when freight reaches its destination. Buyer will be invoiced by the carrier for the freight charges. Do not confuse with "collect on delivery" which would require a check for freight in-hand to receive the shipment.

4. FOB Origin, freight allowed

- Seller pays freight charges
- Buyer owns goods in transit
- Buyer files any damage claims

Title passes to the buyer at the moment the goods are transferred to the carrier. The buyer must file the claim as the owner of freight which is lost or damaged en route to the destination. Freight will be paid by the seller and the cost of freight has already been figured into the cost of goods.

5. FOB Origin, prepay freight & add

- Seller pays freight charges, recharges to buyer
- Buyer owns goods in transit
- Buyer files any damage claims

Title passes to the buyer at the moment the goods are transferred to the carrier. The buyer must file the claim as the owner of freight which is lost or damaged en route to the destination. Freight will be paid by the seller, but the cost of the freight will be added to the invoice for the sale of the goods.

6. FOB Origin, freight collect

- Buyer pays freight charges
- Buyer owns goods in transit
- Buyer files any damage claims

Title passes to the buyer at the moment the goods are transferred to the carrier. The buyer must file the claim as the owner of freight which is lost or damaged en route to the destination. Buyer will be invoiced by the carrier for the freight charges. Do not confuse with "collect on delivery" which would require a check for freight in-hand to receive the shipment.



MG DAVID P. RATACZAK
THE ADJUTANT GENERAL

7. Signatures:

IN WITNESS WHEREOF: I believe this purchase was/is in the best interest of the State of Arizona and the Department of Emergency and Military Affairs.

I certify that this expenditure is for a valid public purpose and is consistent with all applicable statutes, laws, appropriations, grants, and contracts. I also certify that sufficient appropriation and monies are available for this expenditure, and that I am authorized to disburse these monies.

Employee Signature: _____ **Date:** _____

Supervisor Signature: _____ **Date:** _____

APPROVAL:

Assistant Attorney General

Date

Print Name



No.08-1

GAO Technical Bulletin

Arizona Department of Administration ♦ General Accounting Office

Subject: ***Statewide Purchasing Card (P-Card)*** Issued: 02/22/08
Policies and Procedures
Manual Section(s): N/A Effective: 02/22/08
Supersede(s): Technical Bulletin 05-5 and Technical Bulletin 06-3 Page: 1 of 15

TO: Technical Bulletin Administrators
Procurement Personnel
Purchasing Personnel
Accounts Payable Personnel
All Agencies

FROM: D. Clark Partridge
State Comptroller

AUTHORITY

ARS § 35-131 Accounting system; reports; notice of deficiency; forms
ARS § 35-154 Unauthorized obligations; effect; liability
ARS § 41-703 Duties of director
ARS § 41-722 Powers and duties relating to finance
ARS § 41-2501 et seq. Arizona Procurement Code
AAC R2-7-101 et seq. Department of Administration, Finance Division, Purchasing Office

DEFINITIONS

AFIS: The Arizona Financial Information System.

Agency head: The chief executive officer of any agency.

Agency P-Card Administrator: The employee designated to coordinate all P-Card activity at the Agency level.

Cardholder: A State employee who has been issued a P-Card upon approval of his or her agency and signing the Form GAO-PC-101.

COBJ: Comptroller object.

Corporate Travel Card: The State contracted employee liability credit card provided to State employees that may be used to purchase airfare (if permitted by internal agency policies), lodging, car rental, other transportation charges, other miscellaneous travel charges, meals and incidental expenses in connection with travel on official State business.

CTA: Central Travel Account. A State liability travel account number (not a physical card), provided through State contract to State agencies which may be used to purchase airfare, hotel lodging (room rate, taxes and surcharges only), car rental, and conference and training

Subject:	<i>Statewide Purchasing Card (P-Card) Policies and Procedures</i>	Issued:	02/22/08
Manual Section(s):	N/A	Effective:	02/22/08
Supersede(s):	Technical Bulletin 05-5 and Technical Bulletin 06-3	Page:	2 of 15

registration fees for travel on official State business. The CTA may also be referred to as the “ghost card.”

Director: The Director of the Arizona Department of Administration and/or the Director’s designee with respect to applicable functions.

Encumber: To reserve funds in anticipation of their expenditure.

Form 1099: A form used by a payer to report to the Federal Government the payment of certain types of income.

Form GAO-PC-101: State of Arizona P-Card Cardholder Agreement; a form that must be signed by every cardholder or P-Card custodian.

GAO: The Arizona Department of Administration, General Accounting Office.

Issuing Agency: An Agency that issues a P-Card to an employee, organization, or department.

Monthly spending limit: The maximum dollar amount a cardholder is authorized to expend over a period of thirty (30) days.

Non-state item: Any item, acquired with the P-Card, that does not fulfill a valid public purpose.

P-Card: A card provided through State contract to State employees, State organizations, or State departments for the purpose of conducting purchase or payment activities for a valid public purpose.

Payment transaction: An action using the P-Card that discharges an obligation previously incurred by an Agency; a remittance, paying one or more invoices.

Purchasing Card: A card used to conduct purchase or payment activities.

P-Card custodian: An employee into whose safekeeping an Agency’s organizational or departmental P-Card is issued.

P-Card limit: The total amount of credit for a given P-Card made available by the State P-Card Contractor under the terms and conditions of the State P-Card contract.

Purchase transaction: An action using the P-Card to acquire goods for the State; an order resulting in the acquisition of one or more items, usually reflected on a single invoice or receipt, placed as part of a distinct occurrence.

Subject:	<i>Statewide Purchasing Card (P-Card) Policies and Procedures</i>	Issued:	02/22/08
Manual Section(s):	N/A	Effective:	02/22/08
Supersede(s):	Technical Bulletin 05-5 and Technical Bulletin 06-3	Page:	3 of 15

Reconciliation: The process of matching purchase receipts to the statement of activity to verify all account activity is in accordance with the program guidelines and restrictions.

Single purchase limit: The spending limit imposed on a cardholder for an individual purchase transaction. This limit is set by the Agency up to a maximum of five thousand dollars (\$5,000.00), including tax and transportation costs.

SPO: The Arizona Department of Administration, State Procurement Office.

State employee: Any full or part time individual being paid under the authority of any payroll system of the Government of the State of Arizona.

State P-Card Contractor: The contractor with which the State has contracted to provide P-Card services.

Statement of Activity: A statement of account, in any medium, furnished by the State P-Card Contractor that issued the P-Card.

Transaction: A distinct business event that results in a change to an organization's financial position or the financial results of its operations.

PRELIMINARY NOTES

This technical bulletin supersedes Technical Bulletin 05-5 and Technical Bulletin 06-3. **All State agencies are required to replace all P-Cards that are currently being used for State travel purposes with either the CTA, the Corporate Travel Card or a combination of both accounts.** Agencies should begin implementing this change immediately, but the transition should be complete for all travel beginning on or after June 1, 2008. This will allow up to three months to help facilitate the transition. Travel expenses must be shifted to the new Corporate Travel Card, agency Central Travel Account (CTA) or a combination of both accounts (see Technical Bulletin 08-2).

INTRODUCTION

To facilitate the purchase of goods and certain services, and to provide an efficient method of paying for these goods and services, the SPO makes a purchasing card, known as the P-Card, available to agencies. There are two distinct forms of activity for which the P-Card may be employed: purchase activities and payment activities.

A **purchase transaction** involves the acquisition of goods and, as part of the purchase transaction, also incurs an obligation. A purchase transaction is similar to an individual's using a

Subject:	Statewide Purchasing Card (P-Card) Policies and Procedures	Issued:	02/22/08
Manual Section(s):	N/A	Effective:	02/22/08
Supersede(s):	Technical Bulletin 05-5 and Technical Bulletin 06-3	Page:	4 of 15

credit card to acquire merchandise in a store. It is envisioned that many, if not most, of the State employees to whom a P-Card is issued will be authorized to use it in this way. Suitable candidates to receive the P-Card to conduct purchase transactions would be employees who spend a good deal of time out of the office and may be required to make purchases in the field. Relatively low spending limits are appropriate for these types of transactions.

A **payment transaction** involves payment for previously acquired goods or services. A payment transaction discharges an obligation to the seller of the underlying goods or services and incurs a corresponding obligation to the financial institution issuing the card. Those who receive the P-Card to conduct payment transactions are likely to be those processing an Agency's accounts payable transactions. Relatively high spending limits are suitable for these types of transactions. Allowing the use of the P-Card for both purchase and payment activities encourages its use, which, in turn, increases efficiencies and reduces overall costs to the State.

POLICIES

I. General Policies

A. State agencies are authorized to use the P-Card to conduct purchase transactions or payment transactions.

B. No card except the P-Card issued by the State P-Card Contractor shall be used for the purposes described in this technical bulletin.

C. The spending limit for any **purchase transaction** is set by the participating Agency, but under no circumstances shall exceed five thousand dollars (\$5,000.00).

1. An Agency wishing to increase the P-Card spending limit for purchase transactions should direct a letter of request to the State Comptroller. This letter should contain a justification for the request, the purpose for which the card will be used, the spending limit requested, a description of the internal controls in effect to prevent misuse, and any other restrictions, such as the restriction of the P-Card's use to certain preferred vendors or for certain comptroller objects, which will be imposed.

2. The GAO may require an examination of an Agency's internal controls over P-Card usage before rendering a decision with respect to any request to increase the spending limit for purchase transactions.

3. In accordance with A.R.S. § 35-151, a single purchase transaction that will be expended out of an appropriated fund that is equal to or exceeds one thousand dollars (\$1,000.00) must be encumbered prior to the purchase. If the funds are not encumbered prior to the purchase, the amount of the transaction must be less than one thousand

Subject:	<i>Statewide Purchasing Card (P-Card) Policies and Procedures</i>	Issued:	02/22/08
Manual Section(s):	N/A	Effective:	02/22/08
Supersede(s):	Technical Bulletin 05-5 and Technical Bulletin 06-3	Page:	5 of 15

dollars (\$1,000.00). Adequate appropriation and allotment balances must exist for all purchase transactions that are expended out of appropriated funds.

4. A single purchase transaction that will be expended out of a non-appropriated fund, regardless of amount, is not required to be encumbered, but is not to exceed five thousand dollars (\$5,000.00) unless an exception is granted in advance by the GAO. It should be noted that although these transactions are not required to be encumbered, they must be strictly managed by the agency—that is to say, sufficient cash to liquidate the liability created by the purchase must exist.

D. The spending limit for any **payment transaction** is set by the participating Agency. Absent specific, written authority granted by the State Comptroller, the spending limit for a payment transaction shall not exceed ten thousand dollars (\$10,000.00).

1. An Agency wishing to increase the P-Card spending limit for payment transactions should direct a letter of request to the State Comptroller. This letter should contain a justification for the request, the purpose for which the card will be used, the spending limit requested, a description of the internal controls in effect to prevent misuse, and any other restrictions, such as the restriction of the P-Card's use to certain preferred vendors or for certain comptroller objects, which will be imposed.

2. The GAO may require an examination of an Agency's internal controls over P-Card usage before rendering a decision with respect to any request to increase the spending limit for payment transactions.

E. P-Card spending limits apply to the total transaction, including taxes, delivery and installation.

F. All P-Card transactions shall be in accordance with this technical bulletin, the approved State contracts for commodities, Agency policies and procedures that are consistent with this technical bulletin, and other laws, rules, policies and procedures dealing with procurement, budgeting or accounting that may apply.

G. The use of a P-Card by anyone other than the authorized cardholder is prohibited.

H. P-Card procurements are subject to the standard of "fair and reasonable pricing."

I. P-Card transactions are subject to the terms, conditions and limitations set forth below:

1. Using the P-Card to withdraw cash from ATMs or other sources is prohibited. The purchase of traveler's checks or any other negotiable instrument is prohibited.

Subject:	<i>Statewide Purchasing Card (P-Card) Policies and Procedures</i>	Issued:	02/22/08
Manual Section(s):	N/A	Effective:	02/22/08
Supersede(s):	Technical Bulletin 05-5 and Technical Bulletin 06-3	Page:	6 of 15

2. Whenever practicable, cardholders shall purchase from State-contracted vendors. Irrespective of whether a purchase is made from a State-contracted vendor or a non-State-Contracted vendor, the P-Card purchasing limit is five thousand dollars (\$5,000.00).

3. Items not on State contract shall be purchased using such competition as is practicable under the circumstances.

4. Dividing purchase transactions to circumvent aggregate purchase limits, single purchase limits, daily limits or monthly limits is prohibited.

5. The purchase of alcoholic beverages or any illegal substance is prohibited.

6. The P-Card may not be used to purchase professional services of the type that require a Form 1099 to be issued.

a) In general, the types of services that require the issuance of a Form 1099 include payments of rents, miscellaneous income to independent contractors, medical and health care payments, or fees paid to accountants, attorneys, programmers, temporary help, etc.

b) Expenditures reported using COBJs in the 6200s, 6800s, 7100s, 7200s, 7400s and 7500s are often of the type requiring the issuance of a Form 1099.

c) Vendors with a code other than an "N" in the 1099 Indicator Field of AFIS Screen 34 may receive Forms 1099.

d) COBJs with a code other than an "N" in the 1099 Indicator Field of AFIS Screen D10 may receive Forms 1099.

e) For additional guidance with respect to Form 1099 requirements and reporting, you may call your GAO Liaison or direct an email to vendors@azdoa.gov.

7. Once the transition to the new Travel Card Program is complete, and except as otherwise herein provided, the P-Card may not be used to purchase gasoline, airfare, train fare, hotel lodging, car rental, meals, incidentals or other expenses related to travel.

a) The P-Card may be used to book and pay for hotel rooms to be used for meetings, conferences or other authorized events.

b) The P-Card may be used to purchase and pay for conference and training registration fees.

Subject:	<i>Statewide Purchasing Card (P-Card) Policies and Procedures</i>	Issued:	02/22/08
Manual Section(s):	N/A	Effective:	02/22/08
Supersede(s):	Technical Bulletin 05-5 and Technical Bulletin 06-3	Page:	7 of 15

9. The P-Card may not be used for purchases or payments exceeding the applicable spending limits except as granted by the Director.

10. Use of the P-Card by a cardholder after transferring from the Issuing Agency or cost center or after resignation, retirement or termination from State service is prohibited.

11. Sufficient spending authority—that is to say, sufficient cash to liquidate the liability engendered by the purchase or payment as well as, if subject to appropriation, adequate appropriation and allotment balances—must exist for any purchase or payment.

12. The P-Card may only be employed to acquire or pay for goods and services to be used for a valid public purpose. The P-Card is to be used solely for authorized State expenditures incurred while conducting State business during authorized duty hours.

13. When applicable, State contracts shall be used, subject to the provisions of the Arizona State Procurement Code.

14. The P-Card may be used for either State contract or non-State contract purchases or payments, as long as the supplier accepts the P-Card. Suppliers whose contracts with the State do not explicitly require acceptance of the card may elect not to accept the card for purchases of or payment for State contract items.

15. Unless otherwise prohibited, the P-Card may be used to conduct procurements by way of telephone or the Internet.

16. P-Card purchases are not exempt from sales tax.

J. In the event of an emergency, the Director or his or her designee may authorize prudent and reasonable exceptions.

1. A request for an exception must, when possible, be made in advance of the purchase and should be submitted in writing to the State Procurement Administrator or State Comptroller from the Agency head.

2. A request must include the cardholder's name, a description of the circumstances requiring an exception, and a justification for the emergency procurement in the manner prescribed for emergencies in AAC R2-7-E302.

3. Emergency requests involving accounting issues may be sent directly to the State Comptroller for resolution in accordance with applicable statutes, policies and procedures.

Subject:	<i>Statewide Purchasing Card (P-Card) Policies and Procedures</i>	Issued:	02/22/08
Manual Section(s):	N/A	Effective:	02/22/08
Supersede(s):	Technical Bulletin 05-5 and Technical Bulletin 06-3	Page:	8 of 15

- K. All payments for charges on P-Cards are the responsibility of the Issuing Agency.
- L. Late fees, delinquency charges and interest accrued are the responsibility of the Issuing Agency.
- M. To avoid delinquencies or to otherwise act in the best interest of the State, the GAO reserves the right to pay the State P-Card Contractor for charges incurred by the Issuing Agency and to recover such payments from the Issuing Agency's cash balance.
- N. The cardholder may be personally liable for P-Card charges and may be required to reimburse the State of Arizona for P-Card transactions that are contrary to any applicable laws, rules, policies or procedures.
- O. Unless exceptions are approved in advance by the GAO, the P-Card shall be available only to eligible State employees and no organizational or departmental cards shall be issued. Each Agency determines employee eligibility.
1. An Agency wishing to issue a P-Card to an organization, division, program or department for purchases or payments should direct a letter of request to the State Comptroller. This letter should contain a justification for the request, the purpose for which the card will be used, the spending limit requested, a listing of the proposed P-Card custodians and their titles, a description of the internal controls in effect to prevent misuse, and any other restrictions, such as the restriction of the P-Card's use to certain preferred vendors or for certain comptroller objects, which will be imposed.
 2. The GAO may require an examination of an Agency's internal controls over P-Card usage before rendering a decision with respect to any request involving the issuance of an organizational or departmental P-Card.
 3. Organizational or departmental P-Cards are to be delivered into the custody of an Agency P-Card custodian. The P-Card custodian must sign a GAO-PC-101 and is responsible for maintaining stewardship over the P-Cards in his or her charge.
- P. P-Card privileges are a management prerogative that may be canceled, restricted or revoked at any time for any reason by Agency management, by the State Comptroller or by the State Procurement Officer.
- Q. Improper use of the P-Card is subject to the appropriate disciplinary actions (up to and including dismissal and prosecution).

Subject:	<i>Statewide Purchasing Card (P-Card) Policies and Procedures</i>	Issued:	02/22/08
Manual Section(s):	N/A	Effective:	02/22/08
Supersede(s):	Technical Bulletin 05-5 and Technical Bulletin 06-3	Page:	9 of 15

R. The above represents the minimum compliance requirements of the Arizona Department of Administration for individuals using the P-Card. Each Agency may impose additional restrictions on the use of the P-Card.

II. Agency Responsibilities

- A. The Agency head is responsible for all P-Card activity in his or her Agency.
- B. The Agency head or his or her delegee shall act as or appoint, in writing, an Agency P-Card Administrator.
- C. The Agency head or his or her delegee will issue Agency-specific P-Card policies and procedures.
 - 1. Agency policies and procedures must comply with the State contracts for commodities and all other applicable laws, rules, contracts, and financial and accounting policies and procedures.
 - 2. Agency-specific P-Card policies and procedures must in general conform to those set forth in this technical bulletin. Agency specific P-Card policies and procedures, however, may contain terms, conditions and limits more restrictive but not more liberal than those set forth in this technical bulletin.
 - 3. An Agency may incorporate, in whole or part, the terms of this technical bulletin into its policies and procedures by reference.
 - 4. Agency-specific P-Card policies and procedures shall address:
 - a) P-Card card processes, documentation flow, prompt payment, encumbrances, internal controls, training, appropriation and budgetary controls, and other matters affecting program management and performance.
 - b) Responsibility for reconciling, on a monthly or more frequent basis, all charges against statements of activity.
 - c) The form and format of requests for P-Cards by employees, organizations, divisions, programs or departments.
 - d) The requirement that each employee or P-Card custodian to whom a P-Card is to be issued will sign a GAO-PC-101, which is to be retained by the P-Card Administrator.
 - e) Separation of duties.

Subject:	<i>Statewide Purchasing Card (P-Card) Policies and Procedures</i>	Issued:	02/22/08
Manual Section(s):	N/A	Effective:	02/22/08
Supersede(s):	Technical Bulletin 05-5 and Technical Bulletin 06-3	Page:	10 of 15

(1) Except as specifically approved by the GAO, the authority for approving disbursement of Agency funds cannot be assigned to the Cardholder.

(2) Except as specifically approved by the GAO, a cardholder cannot have both purchasing and payment authority.

(3) Any exceptions to the provisions regarding separation of duties must be approved by the GAO.

(a) An Agency that cannot enforce strict separation of duties should request a variance by directing a letter to the State Comptroller. This letter should contain a justification for the request, the purpose for which the card will be used, the spending limit requested, a description of the internal controls in effect to prevent misuse, and any other restrictions, such as the restriction of the P-Card's use to certain preferred vendors or for certain comptroller objects, which will be imposed.

(b) The GAO may require an examination of an Agency's internal controls over P-Card usage before rendering a decision with respect to any variances from the provisions regarding the separation of duties.

f) Steps that may be taken in the event of a cardholder's misuse of a P-Card, including but not limited to:

(1) The pursuit of full restitution, including penalties and interest, from the cardholder, in the event of a cardholder's misuse of a P-Card.

(2) Other disciplinary actions, up to and including dismissal, for a cardholder's misuse of a P-Card.

(3) Possible referral of the matter to the Attorney General.

5. Agency-specific P-Card policies and procedures documents must be submitted to the GAO to be kept on file not later than May 31, 2008.

D. The Agency head or his or her delegee may set monthly limits on purchasing transactions and payment transactions.

E. The Agency head or his or her delegee shall review and approve the issuance of any P-Card to an employee or a P-Card custodian

F. Requests for P-Cards, the approval or denial of such applications, and the revocation of P-Cards must be documented in writing

Subject:	<i>Statewide Purchasing Card (P-Card) Policies and Procedures</i>	Issued:	02/22/08
Manual Section(s):	N/A	Effective:	02/22/08
Supersede(s):	Technical Bulletin 05-5 and Technical Bulletin 06-3	Page:	11 of 15

G. The Agency head is responsible for ensuring that any employee to whom a P-Card is issued has been sufficiently trained to be familiar with both statewide and agency P-Card policies and procedures.

H. The Agency P-Card Administrator shall:

1. Distribute P-Card applications to candidates for P-Cards.
2. Document the application's authorization or denial.
3. Submit approved requests to the State P-Card Contractor.
4. Monitor compliance with Agency and State P-Card policies and procedures.
5. Receive and distribute new and replacement P-Cards.
6. Retain a copy of each P-Card application in the Agency accounting or procurement records.
7. Review cardholder records at least semi-annually to verify compliance with governing laws, rules and policies and to confirm the appropriate use of P-Cards.
8. Ensure that charges on P-Card statements of activity are reviewed and matched to the charges submitted by the cardholder.
9. If an employee to whom a P-Card has been issued leaves the Agency for any reason:
 - a) Recover the P-Card.
 - b) Direct the State P-Card Contractor to cancel the P-Card.
 - c) May place a hold on wages—up to the maximum limit of the P-Card issued to the employee—if the employee leaves Agency employment and fails to surrender his or her P-Card.
 - d) Document all appropriate files.
 - e) Forward the documentation to the Attorney General's Office for prosecutorial consideration.

Subject:	<i>Statewide Purchasing Card (P-Card) Policies and Procedures</i>	Issued:	02/22/08
Manual Section(s):	N/A	Effective:	02/22/08
Supersede(s):	Technical Bulletin 05-5 and Technical Bulletin 06-3	Page:	12 of 15

10. Be responsible for determining whether a supplier is required to accept or elects to accept the P-Card for procurement or payment.

11. Acquire and retain in an appropriate file a signed State of Arizona P-Card Cardholder Agreement, Form GAO-PC-101, from each employee or P-Card custodian to whom a P-Card will be issued.

12. If not previously resolved by the cardholder, resolve any disputed transactions and document the resolution thereof.

13. Review and match detail on statements of activity to the detail submitted by the employee.

14. Maintain payment records made to the contracted vendor with supporting documentation.

15. Effect payments in accordance with the required payment time frame.

H. The Agency shall maintain all records in accordance with established record retention requirements.

III. Cardholder Responsibilities

A. A cardholder shall be an employee of the State of Arizona.

B. An employee who has been approved to use a P-Card shall sign a State of Arizona P-Card Cardholder Agreement, Form GAO-PC-101, before using a P-Card.

C. A Cardholder shall:

1. Maintain all receipts that document charges, credits or adjustments incurred on the P-Card.

a) If original receipts are not available due to loss or are illegible, the cardholder must complete an affidavit detailing the purchase date, vendor, product, cost, tax, other charges, total and reason the receipt is not available.

b) This affidavit shall be forwarded with the reconciled statement of activity as required in Agency policy.

2. Unless his or her Agency policy specifically otherwise delegates this task, reconcile the monthly statement of activity against the purchasing activity conducted on the P-Card during that time frame (i.e., match receipts or log to statement of activity).

Subject:	<i>Statewide Purchasing Card (P-Card) Policies and Procedures</i>	Issued:	02/22/08
Manual Section(s):	N/A	Effective:	02/22/08
Supersede(s):	Technical Bulletin 05-5 and Technical Bulletin 06-3	Page:	13 of 15

- a) The reconciliations must be prepared in an Agency-prescribed format.
- b) Forward the reconciled statement of activity and the original receipts to the appropriate authorized party within the Agency for processing of payment within the allotted timeframe, as specified by the Agency's P-Card policy.

D. Adhere to the limitations imposed upon the use of the P-Card.

- 1. Except as otherwise provided, cardholders shall purchase items on State contract from a State Contract vendor; items not on State Contract shall be purchased using such competition (i.e. price comparisons) as is practicable under the circumstances.
- 2. The P-Card must immediately be surrendered upon transfer to another State Agency or cost center, resignation, retirement or termination from State service. If the P-Card is not surrendered upon such separation or transfer, the employee consents, in writing by signing a GAO-PC-101, to the withholding of the amount of the P-Card limit from any wage due the employee, pending the reconciliation by the Agency of the final monthly statement of activity for the P-Card. Use of a P-Card issued by a certain Agency or cost center after transferring from that Agency or cost center or after separation from State service is prohibited.

E. Before receiving a P-Card, employees must sign an affidavit of acknowledgement and understanding of the policies and procedures for use of the P-Card (State of Arizona P-Card Cardholder Agreement). This document authorizes withholding of money from wages if the card is misused or not returned upon separation from State employment.

F. Cardholders shall resolve any discrepancies on the monthly statement of activity, including charges for items returned to vendors, credit vouchers not appearing on the statement of activity, and disputes with either the vendor or the State P-Card Contractor. Any unresolved discrepancies shall be communicated to the Agency P-Card Administrator for resolution.

G. Except as otherwise herein provided, P-Cards are assigned to individual employees. It is the cardholder's responsibility to ensure the security of the P-Card and to ensure the use of the P-Card complies with this policy and applicable statutes, rules and Agency policies. Transferring, borrowing or lending a P-Card is prohibited.

H. If a P-Card is lost, misplaced, stolen or destroyed, this fact must be reported immediately to the Agency P-Card Administrator and the State P-Card Contractor. In the case of a card that has been destroyed or otherwise rendered inoperative, the card to be replaced is to be returned to the P-Card Administrator.

IV. Compliance Reviews

Subject:	<i>Statewide Purchasing Card (P-Card) Policies and Procedures</i>	Issued:	02/22/08
Manual Section(s):	N/A	Effective:	02/22/08
Supersede(s):	Technical Bulletin 05-5 and Technical Bulletin 06-3	Page:	14 of 15

A. Pursuant to A.R.S. 41-735, the GAO may perform compliance audits of all Issuing Agencies. All P-Card related information, including but not necessarily limited to, the following will be reviewed:

1. Agency policy and procedure documents.
2. Documents supporting any appointments or delegation of duties.
3. Cardholder agreements and related employee information.
4. Reconciled detailed statements of activity.
5. Transactional information.
6. Adherence to limits.
7. All supporting documents, receipts, and approved exception memos as needed.
8. Emergency approvals and documentation as required by the Arizona Procurement Code.
9. Claim documents with reconciled statement of activity attached.

B. Reports upon compliance will be issued to the Agency head, the Director, the State Comptroller and the State Procurement Officer.

C. An Agency's failure to comply with all laws, rules, policies and procedures related to the use of the P-Card may result in revocation of authority to issue P-Cards.

GAO Technical Bulletin

No. 08-1

Subject: ***Statewide Purchasing Card (P-Card)
Policies and Procedures***

Issued: 02/22/08

Manual Section(s): N/A

Effective: 02/22/08

Supersede(s): Technical Bulletin 05-5 and Technical Bulletin 06-3

Page: 15 of 15

ON-LINE AVAILABILITY

Copies of all Technical Bulletins are available for viewing and downloading from the GAO website under the Publications section.

SUPPLEMENTAL MATERIALS

Form may be found on the GAO website under the Forms section.

AREAS IMPACTED

All State agencies.

CONTACTS

If you have any questions concerning this Technical Bulletin, please contact your GAO Liaison. You may also e-mail questions or comments concerning State policy and procedure to us at:

gaopolicy@azdoa.gov

Attachment 21

INTERGOVERNMENTAL AND INTERAGENCY SERVICE AGREEMENTS

I. Intergovernmental Agreements

Two or more public agencies, by direct contract or agreement, may contract for services or jointly exercise any powers common to the contracting parties and may enter into agreements with one another for joint or cooperative action, so long as each agency has been authorized by their legislative or other governing body. ([A.R.S. § 11-952](#))

The Arizona Department of Emergency and Military Affairs (DEMA) is authorized to enter into Intergovernmental Agreements ("IGA") by the Arizona legislature. ([A.R.S. § 26-102](#))

A. Minimum prerequisites which must be set forth in an IGA are as follows:

1. Duration;
2. Purpose(s);
3. The manner of financing the joint or cooperative undertaking and of establishing and maintaining a budget;
4. How a complete or partial termination of the agreement will be accomplished, including disposal of any property that might be purchased or created through the joint or cooperative undertaking; and
5. Any other necessary and proper matters, i.e. the standard public agency contract provisions.

Note: Payment for services under an IGA shall not be made unless pursuant to a fully approved written contract. Any person who authorizes payment of any monies in violation of the statutory provision regarding IGAs is liable for the monies paid plus 20% of such amount and legal interest from the date of payment.

B. Procedural requirements mandated by statute and/or policy:

1. Prior to execution, the Arizona Attorney Generals Office (AG) legal counsel must review the IGA to determine: (a) the agreement is in proper form and (b) the purpose of the agreement is within DEMA's power and authority granted to it under the laws of the State of Arizona.
2. An attorney in the AG's office must review an IGA even where the other contracting party is a federal department or agency and no federal law requires that an attorney for the federal department or agency review the agreement.

3. After approval as to form by the AG, the agreement shall be forwarded to the Director of Joint Programs, or his designee, to sign the agreement on behalf of the Adjutant General.
 4. The fully executed IGA must be filed with the appropriate recording office:
 - Secretary of State:
 - if approved by the Attorney General's Office
 - if more than one county is affected
 - Maricopa County Recorder's Office:
 - if only one county is affected
- C. Arizona Attorney General interpretation of "contract for services" and "joint exercise of powers".
1. The touchstone of an IGA is that it involves the joint exercise of a governmental power or proprietary function common to the contracting parties. (Op. No. I85-050; I83-057)
 2. Even if all contracting parties are public agencies, an intergovernmental agreement can only be used when each of the agencies has the power to perform the services or action contemplated in the contract pursuant to which they agree to allocate responsibilities between them. Once the capacity for joint exercise of powers has been established, the public agencies may jointly exercise those powers or contract to have one party perform the powers that are in common.
 3. Public policy supporting the use of IGAs recognizes that public agencies are excused from complying with competitive bidding requirements where two agencies are charged with performing the same duties and it is economically efficient to avoid duplication of services and allocate responsibilities between the parties. However, a contract under which one agency merely procures a needed service from another does not qualify as an IGA unless the parties are acting jointly to exercise powers common to the parties.
 4. The Intergovernmental Agreement statutory provisions are cumulative and supplemental and do not authorize any public agency to exercise any power or engage in any business or enterprise that such public agency is not authorized to exercise or engage in pursuant to other provisions of law.

IGA CHECKLIST

1. Identify each public agency which is a contracting party by correct statutory title and indicate whether it is a State, county or city, town or other public or municipal agency or instrumentality.

2. Place into the recitals or elsewhere in the agreement, the exact statutory references under which each contracting party is empowered or authorized to exercise the powers contemplated.
3. State the duration of the agreement.
4. State the purpose or purposes to be accomplished.
5. State the manner of financing the undertaking and, where applicable, state the manner of establishing and maintaining a budget for the project.
6. State the method and means of partial or complete termination.
7. Where property is to be acquired solely for the accomplishment of the purpose or purposes of the agreement, provide a means or method for disposing of such property upon the termination or completion of the agreement.
8. Provide in the agreement or contract that it will be filed with (a) the Maricopa County Recorder's Office if all parties are located in Maricopa County or (b) the Secretary of State if one or more of the parties resides other than in Maricopa County. State that the agreement will not become effective until after it has been filed.
9. Provide in the agreement for cancellation by DEMA in accordance with [A.R.S. § 38-511](#).
10. State that the parties agree to comply with Executive Order 75-5 and incorporate the same into the agreement and to comply with all applicable state and federal laws, rules, regulations regarding equal opportunity, nondiscrimination and affirmative action.
11. State that in the event of a dispute under the agreement, the parties agree to use arbitration to the extent required under [A.R.S. §12-1518](#) and [A.R.S. §12-133](#).
12. Provide that to the extent required by [A.R.S. §35-214](#), the parties agree to retain all books, accounts, reports, files and other records relating to the Agreement and to make such records available at all reasonable times for inspection and audit by DEMA or the Auditor General of the State of Arizona, or their agents, during the term of and for a period of 5 years after the completion of the agreement.
13. Provide that the personnel of the other party to the agreement will not for any purpose be considered employees or agents of the State and that the other party assumes full responsibility for the actions of its personnel while performing services under the agreement, and shall be solely responsible for their supervision, daily direction and control, payment of salary (including withholding income taxes and social security), worker's compensation and disability benefits.
14. Assure that indemnification and hold harmless clauses are stricken or qualified to except therefrom a state agency.
15. Include with any agreement, authenticated copies of each "appropriate action by ordinance, resolution or otherwise" of the governing bodies authorizing the future execution (signing) thereof.
16. Submit the agreement to the AG's Office for its determination of whether the agreement is in proper form and within the powers and authority granted to

DEMA by law before the Director of Joint Programs or his designee actually is presented with the agreement for signature.

After AG review, all documents will then be returned to DEMA. In the event the AG's Office determines that the agreement is not in proper form or not within the powers and authority granted under the law, the agreement will be returned with a letter or memorandum identifying the deficiencies.

After the AG's Office has made a favorable determination, the parties should then execute (sign) the agreement and file it with the appropriate recording office.

II. Interagency Service Agreements

- A. Interagency Service Agreements (ISA) are entered into between State of Arizona budget units. An ISA may provide for reimbursement for services performed or advancement of funds for services to be performed. ([A.R.S. § 35-148.A](#)) This provision is a funding mechanism and if funds are advanced, the agency performing the service(s) shall make an accounting of expenditures and return any advances not used to the appropriate account if the advancing agency.
- B. "Budget unit" means any department, commission, board, institution or other agency of the state organization receiving, expending or disbursing state funds or incurring obligations against the state. For example, DEMA is considered to be major budget unit as are: DES, DOC, AHCCS, DHS, DPS, Community Colleges Board, the judiciary, DOA, Lottery Commission, DEQ, ADOT, etc., etc.....

Attachment 22 – US Bank Visa (Missing Receipt Affidavit)

In accordance with the State of Arizona, General Accounting Offices' Statewide Purchasing Card (P-Card) Policies and Procedures (Technical Bulletin 08-1, 02/22/05), the cardholder shall maintain all receipts that document charges, credits or adjustments incurred on the P-Card. A written affidavit must be prepared by the cardholder detailing the purchase date, merchant name, product, costs, tax, other charges, purchase total and reason the receipt is not available.

**Sections 1 through 4 MUST be completed by the cardholder
Section 5 must be signed by the cardholder's supervisor**

1.			
Agency:			
Cardholder's Name:		Cardholder's Title:	
Phone: ()		Fax: ()	
Purchase Date:			
1. Provide full description of materials/services purchased to also include price, sales taxes and any additional charges:			
3. Describe why the receipt is not available and/or what efforts you have made to obtain the receipt from the merchant.			

4. Cardholder's Signature: By signing below, I acknowledge I have, to the best of my ability, tried to obtain a receipt for the items/services described and that this/these purchases were for legitimate State of Arizona purposes.

Cardholder's Signature

Date

5. Acknowledged:

Cardholder Supervisor's Signature

Date